STRATEGIC LEADERSHIP PROCESS IN BUSINESS SCHOOLS

A Political Perspective

by

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To my sisters Josie, Victoria and Mariana

To Gregorio Perez Companc

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Abbreviations

SLP	Strategic Leadership Process
HEI	Higher Education Institutions
IMD	International Institute for Management Development
INSEAD	Institut Européen d'Administration des Affaires
LBS	London Business School
MGI	Main generic interests

Acknowledgements

It has been a journey of six years since I made the decision to do a PhD. A number of reasons triggered this endeavour, although I had to overcome challenges and difficulties due to my responsibilities and tight agenda as Dean of IAE Business School. Besides my intellectual motivation perhaps, the most compelling one, was the opportunity it provided me to "walk the talk" within IAE. It improved my skills to make a difference by contributing with both "business relevance and academic rigour" to society –since this has been a central goal for IAE over its almost thirty years of existence.

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Declaration

The following declarations area made as required by the University of Warwick Graduate School's guide to examination for higher degrees by research.

1. The thesis is the candidate's own work
2. The thesis has not been submitted for a degree at another university
3. No material is contained in this thesis which was published or submitted for publication before the start of this study
4. No collaborative work has been included in this thesis

Summary

This study focuses on the political perspective of the process and context of strategic leadership, in three top international Business Schools, IMD, INSEAD and London Business School. It remedies three inadequacies in the current literature. These are: first, the scarcity of empirical studies on strategic leadership with a processual perspective, despite the interest demonstrated in theoretical studies on leadership in the last decades; second, the lack of links between the leadership and strategy fields; third, scholars' call for studies on leadership from a political perspective.

Longitudinal and comparative case studies were conducted with the purpose of describing the Strategic Leadership Process (SLP) in each and across the three Business Schools, over the period 1990-2004, through *strategic agenda-building* and *-executing*, in relation to a specific strategic initiative: *Becoming a top international Business School.*

Findings show firstly, that among the three key actors (Board, Dean and Faculty), the Dean is the main key actor in the SLP because of his critical role of building and executing the School's strategic agenda. Secondly, for the Dean to succeed, it is crucial to deliver an inclusive approach with regard to the other key actors' (Board and Faculty) interests and priorities. Thirdly, performance represents a precondition for the Dean to be credible and receive support from Faculty and Board. Fourthly, for an effective direction-setting, the Dean's capacity to scan and understand the external voice, signals and trends and raise them to the School's strategic agenda is fundamental. Fifthly, the ability to articulate and communicate vision through coalition-building combined with adequate delegation, represent critical competences to raise and execute breakthrough initiatives for the School.

Chapter I: INTRODUCTION

1. Research Objectives

This study attempts to contribute to the understanding of strategic leadership as a process within a particular organisational setting –Business Schools – and from a political perspective. Various different reasons justify this interest: on the one hand, there are at present three limitations to the theoretical and empirical literature on the field of leadership: firstly, scholars' failure to view strategic leadership as a process, embedded in an organisational and environmental context (House & Aditya, 1997; Boal & Hooijberg, 2001); secondly, their failure to link leadership and strategy (Hambrick, 1989; Chakravarthy et al., 2003); this study intends to shed light on the synergies between the strategic leadership process and the strategy process. Thirdly, it tries to give an answer to the call for more studies on leadership from a political perspective (Ammeter et al., 2002).

On the other hand, Business Schools – knowledge-intensive institutions, fuelled by globalisation trends – have shown outstanding growth during the last few decades. In an era where the knowledge revolution is gaining momentum with far-reaching strategic implications for organisations in both the corporate and private sectors (Lorange, 2005), Business Schools need to develop in specific and clear directions which will enable them to respond rapidly to the marketplace. It is only through strategic leadership that Business Schools will be able to succeed in setting key priorities, and continue to develop value creation.

Moreover, Business Schools are also relevant for the observation of the strategic leadership process (SLP) over time, because of their precise *organisational characteristics*: shared power, dual authority, collegiality, autonomy, etc. These organisational traits facilitate the observation of dynamics, interrelations and tensions among different key constituencies, putting them into sharp focus while allowing the researcher to observe the strategic leadership as a process in context, over a period of time.

Three top European Business Schools have been chosen to visualise how strategic leadership as a process was enacted during the period 1990-2004: IMD, INSEAD and London Business School. These Schools represent particularly interesting examples because of their top positions in the international management education industry.

The *longitudinal* and *comparative* case study method is used in the study. A longitudinal design enables the study of long-term processes; it provides the researcher with the opportunity to examine the continuous processes in context, and thus permits the depiction of reality and of the course of events, their chronology and how they evolve over time. The insight gained thereby into the time order of variables eventually facilitates causal inferences (Bryman, 2001). As a result, causation and connectivity can be determined and patterns identified and explained (Pettigrew, 1990).

A *holistic* approach enables the reader to visualise the SLP, across multiple levels within and outside the organisation. Accordingly, the study treats the SLP as a sequence of interrelated decisions, actions and events, *embedded* in time and context, across multiple levels, and linked to the strategy of the organisation as well as to the decisions and actions of individual leaders and top management teams.

In order to set boundaries to the concept of the strategic leadership process, this is broken down into *two elements*: *strategic agenda-building* and *strategic agenda -executing* in relation to a particular *strategic issue* (e.g. that of becoming a top international Business School) that acts as a 'vehicle' for the observation of the SLP in each School. For better observation of this strategic issue, it is divided into different *episodes* according to the *set of initiatives* that trigger decisions and actions, over time. This facilitates the observation of the way in which initiatives are prioritised in the strategic agenda of the Business School; how they are legitimated or delegitimated; and how power is mobilised in setting the School's strategic agenda and in executing it, over time.

2. Leadership

Although the study of leadership has been approached by various authors from different perspectives, scholars seem to be at one in considering leadership as a social influence process (Northouse, 2001; Yukl, 2002; Middlehurst, 1993; Heifetz, 1999; Gibson et al., 2000; Grint; 2000; Burns, 1978; Bass, 1990). While leadership is seen as the process through which leaders influence the attitudes, behaviours and values of others, strategic leadership is considered as the leader's ability to anticipate, to envision, to maintain flexibility, and to empower others to create strategic change as necessary (Hagen et al., 1998). Strategic leadership "focuses on the people who have overall responsibility for the organisation and includes not only the titular head of the organisation (Dean) but also members of what is referred to as the TMT or dominant coalition (Faculty)" (Boal & Hooijberg, 2001).

However, researchers have not paid much attention to the organisational and environmental context that surrounds the conditions, timing and means of the strategic leader's actions (Boal & Hooijberg, 2001). They assert that the literature on leadership fails to stress the impact of the leaders on the whole organisation's strategic decision-making, and suggest that there is an emergent need to consider the strategic leadership concept in a way that involves all the members of the organisation who impact the strategic agenda and not just those who belong to the strategic apex (Mintzberg, 1979; Boal & Hooijberg, 2001).

For decades, studies of leadership have approached the issue from different psychological and sociological perspectives. Research conducted since the 1930s can be classified as *Supervisory Leadership Theories*, which include the *Trait*, *Behavioural*, and *Contingency approaches* (House & Aditya, 1997; Boal & Hooijberg, 2001; Bryman, 2001). These theories focus more on the *person* of the leader – skills and personal characteristics. In this sense, they centre on the individual leader and his or her leadership style, and equate the 'leader' with 'leadership' (Parham, 1994).

Later on, the scope is broadened and the *New Leadership Theories* are introduced and operationalised by *Charismatic, Transformational, Transactional* and *Visionary leadership* (Boal & Hooijberg, 2001; House & Aditya, 1997). This paradigm introduces into its scope of study the *dyadic relationship* between the leader and the follower; the use and nature of power and influence; the impact of organisational culture; and the connections between leadership and change, leadership and charisma, and leadership and vision, among others.

Finally, the shared leadership paradigm (O'Toole *et al.,* 2002; Pearce & Conger, 2003) is introduced. This integrative perspective of leadership refers to leadership enacted by a group of people, a constellation of co-stars (Heenan & Bennis, 1999). Even though it suggests an even more expanded role for followers in the leadership process (Pearce & Conger, 2003), and thus, a broader perspective, it remains within a sociological approach to the leadership phenomenon.

As a result, there is little theory concerning organisational variables such as size, organisational environment and type of strategy that require different behaviours from leaders. Leadership studies seem to be *context-free* (Hunt & Dodge, 2001; House & Aditya, 1997). Moreover, it can be argued that scholars have mostly approached the field in terms of leadership *in* organisations rather than leadership *of* organisations (Bryman, 2001, 1992; Hunt, 1991). They have focused mainly on the *characteristics* of *leaders*, *what* they do and *how* they do it, without addressing the role of the *organisational context* in which leadership is enacted (House & Aditja, 1997).

In connecting leadership with organisations, the approach to the study of leadership, focusing on strategic leadership, represents a further step. However, even though focusing on strategic leadership implies moving forward in relating leadership to its organisational setting, most of the studies on strategic leadership centre predominantly on the *content* (what leaders do) or on the types of policies and strategies that lead to effective organisational performance (House & Aditya, 1997). "Relatively little attention has been paid to the processes by which strategic leaders affect organisations" (House & Aditya, 1997: 447).

A *processual perspective* on strategic leadership focuses on its own *dynamics*, *interrelations* and *interconnections* between people, history, culture, time and other contextual factors that influence the strategic leadership phenomenon, *over time* (Pettigrew, 1997). It is designed to account for and explain not only the *'what'* but also the *'why'* and the *'how'* of the links between contexts, processes, and outcomes (Pettigrew, 1997).

A *political* perspective on the study of the strategic leadership process in Business Schools facilitates the observation of how people *use* and *mobilise power* to influence decisions. Such a perspective enables us to visualise different *interests* and *demands* that arise and compete for organisational attention and resources (Ammeter et al., 2002). Given the distinctive idiosyncrasy ("loosely-coupled" according to Weick, 1976) of the setting where power tends to be shared between the Dean and the Faculty (besides other key constituencies), a political approach enables the observation of strategic leadership as a social influence process with a contextual approach.

3. Business Schools

Globalisation trends over the last several decades have forced today's business world to place a premium upon knowledge as a source of competitive advantage, creating the need, at individual, firm and policy level, to pay special attention to the development of knowledge (Starkey & Madan, 2001). As a result, the knowledge revolution is gaining momentum (Lorange, 2005), creating the need, at all these three levels, to pay special attention to the development of the knowledge stocks of organisations, managers, professionals and employees in order to prepare them to cope successfully with the demands of the old and new economies (Starkey & Madan, 2001). More than ever before, knowledge is itself becoming part of value creation in an organisation (Lorange, 2005). Thus, enterprises require individuals with a relevant knowledge base who can spot new business opportunities before their competitors.

This state of affairs has placed Business Schools and other institutions of management education in a position to experience, much magnified, the consequences of those transformations triggered by globalisation trends, making the challenge of survival critical (Van Baalen & Moratis, 2001). Thus, in order to survive the times ahead, Business Schools need strategic leadership to set a clear strategic direction which can guide them "through the 21st century playing field of management education" (Van Baalen & Moratis, 2001: 167).

4. Research questions

In an attempt to understand and analyse the SLP in context, and from a political perspective, this study intends to answer the following research questions:

1. Who are the key actors? How do they interplay in influencing strategic agenda-building and -executing over time?

2. What are the main features of the inner and outer contexts that influence the School's strategic agenda-building and -executing over time; and how do they influence?

3. How do key actors mobilise (build and use) power in order to influence strategic agenda-building and -executing over time, according to their prioritisation of interests?

In trying to answer these questions the study looks for *similarities* and *differences* in order to find *patterns* over time (past, present and future). To do so, an "eclectic approach" (Pettigrew, 1973: 64) consisting of both the longitudinal and comparative case study methods (Pettigrew, 1990; Yin, 1984), has been applied to three top European Business Schools (IMD, INSEAD and London Business School) over the period 1990-2004.

5. Limitations

The main limitation to the study of the strategic leadership process in Business Schools, over time and from a political perspective, is the particular approach that has been chosen. In this regard, in analysing the Cuban missile crisis, Alison & Zelikow (1999: 387-388) state:

> "The glasses one wears magnify one set of factors rather than another in ways that have multifarious consequences. Not only do lenses lead analysts to produce different explanations of problems that appear to be the same. Lenses also influence the character of the analyst's puzzle, the evidence assumed to be relevant, the concepts used in examining the evidence, and what is taken to be an explanation. ... Each analyst emphasises what he judges relevant and important, and different conceptual lenses lead analysts to different judgements about what is relevant and important."

Accordingly, given that a political perspective has been chosen for the better analysis of the SLP in Business Schools over time, in choosing this perspective the study intends to focus on the social influence process: how people use and mobilise power to influence and achieve particular goals and objectives through coalitions, bargaining processes, and the interests and demands of the different constituencies which give place to conflicts. Thus, the strength of the political analysis lies on the fact that it facilitates the understanding of interpersonal dynamics through the observation of the political behaviour of key actors and the way such behaviours both affect the SLP and are in turn affected by it.

However, this approach does not allow the visualisation of the rational aspect of decisions, actions and events. In fact, because the focus of a political approach is centred on the political behaviour of key actors throughout an organisational setting, programmed decisions – i.e. repetitive and routine decisions, worked out through a fixed procedure (Pettigrew, 1973; Simon, 1960) – would not be part of this kind of analysis, given that they are not breeding grounds for the emergence of politics. Thus, programmed decisions do not seem to entail differences in interests, conflict and misunderstanding; rather, they are more likely to be characterised by problem-solving than by bargaining.

The focus of the rational—analytic conception is on strategy content. It neglects the turbulent undercurrents of organisational politics manifest in the interactions among various coalitions within the organisation as they endeavour to influence strategic decisions. The political perspective brings these dynamics into sharp focus. From this perspective, the content of strategic decisions is viewed as an outcome of transactions of power and influence. Thus, political processes in organisations gain causal import in explanations of strategic decisions. The implication is that an examination of strategy content alone is insufficient to explain strategic choices. Only by investigating the "organisational processes out of which strategies emerge, can one understand and explain why they come to be" (Narayanan & Fahey, 1982: 27).

6. Outline of the Thesis

This thesis is presented in nine chapters. Chapter 1 has introduced the study, justifying its relevance and outlining the gaps in the literature both on leadership and on the importance of Business Schools in the current management education industry and business world.

Chapter 2 is concerned with the theoretical aspect of the thesis and is divided into three sections. First, it tackles the evolution of the study of leadership, over time. Then, it focuses on the strategic leadership process in the specific setting that has been chosen for the purpose of the study: Business Schools. Finally, it looks at the political approach to the study of the SLP in Business Schools, over time.

Chapter 3 tackles the empirical aspect of the thesis, its research strategy and methodology. First, it refers to the epistemological underpinnings of this study of the strategic leadership process in Business Schools, over time. Second, it describes the methods used in gathering data and analysing it. Finally, the research questions that form the framework of this study are discussed.

Chapter 4 describes the Business School sector with its driving forces and trends, and key drivers competition. Firstly, it refers to the Business School background with regard to the central role they play and criticisms of them. Secondly, it tackles the history of US and European Business Schools. Thirdly, the Business Schools' response to the main trends towards globalisation and increasing competition are discussed. Fourthly, the study refers to the specific influence of rankings and accreditation agencies in the Business School sector. Fifthly, it reviews the challenges facing Business Schools, and the forces driving them. Finally, the study presents some implications for the SLP in Business Schools.

Chapters 5, 6 and 7 cover the three case studies: IMD, INSEAD and London Business School. Each of the three cases is described and analysed. Chapter 8 gives a comparison of the three Business Schools. Similarities and differences are highlighted in order to establish patterns within the SLP over time, across the three Business Schools under study. And finally, Chapter 9 presents the findings and conclusions, and also suggests a focus for further research regarding the study of the strategic leadership process in Business Schools.

Chapter II: THEORY

1. The study of Leadership over time

1. 1. Introduction

Over time the study of leadership has been approached from various psychological and sociological perspectives. Some scholars have sought to broaden the concept of leadership, addressing it from the perspective of organisational theory. This viewpoint responds to the trend within the leadership field to widen the approach which has evolved over the last decades, moving from the person of the leader to his behaviour, the situation in which leadership is enacted, the dyadic relationship between leader and follower, the role of influence and finally, the leadership phenomenon analysed as a *process* within a specific organisational *context*. In other words, since the study of leadership has been approached as though leadership were being enacted in a *vacuum*, there has been a shift, switching the focus from leadership *in* organisations to leadership *of* organisations (Bryman, 2001).

The study of leadership is a topic that has attracted the attention of many researchers for most of the twentieth century, and is still an issue of interest for many academics. It has been undertaken since the very beginning from several perspectives, which despite their differences, all consider leadership as a *process of social influence*: i.e. leadership is given within an *interaction* between *a leader* and *a follower* in which each is affected by the other (Yukl, 2002; Bryman, 2001; Northouse, 2001; Gibson *et al.*, 2000; Heifetz, 1999; Middlehurst, 1993; Bass, 1990; Birnbaum, 1989; Burns, 1978; Cribbin, 1972). It is a *reciprocal process* (Kouzes & Posner, 1990) that occurs between people; an *interactive phenomenon* (Mintzberg & Westley, 1989).

Some authors feel that the major problems confronting the study of leadership are the incongruity of approaches, the narrow focus used by many researchers, and the absence of broad theories in organisational settings that integrate the findings from different approaches (Parham, 1994). Many of the theories appear to be plagued with conceptual weaknesses and seem to lack strong empirical support. Studies on leadership come to contradictory and inconclusive results, and do not always manage to find an integrated way to characterise the concept (Yukl, 2002, 1989; Bass, 1990, 1985; Stogdill, 1974).

In reviewing the leadership theories and their evolution over time, early scholars began by adopting a narrow scope which focused on the personal attributes of the leader (Yukl, 2002; Bryman, 2001; Northouse, 2001; Middlehurst, 1993). Subsequently, not only the leader's personal attributes were considered but the leader's *behaviour*, *style* and *situation* as well (Yukl, 2002; Bryman, 2001; Northouse, 2001; Middlehurst, 1993).

Later, the scope broadened again; the *dyadic relationship* between the leader and the follower was introduced (Yukl, 2002; Bryman, 2001; Northouse, 2001; Middlehurst, 1993). However, at this stage, different questions were raised about the level of influence that the follower has within the dyadic relationship. Researchers began to argue that followers exert their influence on the leader

(Grint, 2000; Parham, 1994) as well as *vice versa*, and thus, differences between power and influence were highlighted (Yukl, 2002; Middlehurst, 1993). While power was viewed as the ability to give orders enforced by *actions*, influence was seen as the ability to change the actions of others by *persuasion* (Middlehurst, 1993). Followers are part of the inner context and therefore, they impact on the leadership process through their *influence.*

When the concept of *influence* is addressed, the study of leadership focuses on charisma, vision and change, which – according to the perspective from which they are studied – are called *transformational/transactional* leadership, *charismatic* leadership or *visionary* leadership. These different perspectives are included in the 'New Leadership theories' (Middlehurst, 1993; Bryman, 1992). The study of leadership began to include other aspects such as the impact of organisational culture on leadership, the connections between leadership and change and between leadership and vision, motivation, and guidance towards the achievement of organisational goals.

Even though the new leadership theories refer to the influence of others, these are not considered as part of the leadership model until the concept of co-leadership (Heenan & Bennis, 1999) or shared leadership (O'Toole *et al.,* 2002; Pearce & Conger, 2003) is introduced. This paradigm refers to leadership enacted by a group of people, a constellation of co-stars (Heenan & Bennis, 1999).

In broadening the approach to the study of leadership, a step forward is made by understanding leadership as an organisational process that enhances performance in organisations. Performance is thus considered to be determined in great part by strategic choices and other major organisational decisions made within the firm (Finkelstein & Hambrick, 1996). Some scholars use the term "[...] *'strategic leadership'* because it connotes management of an overall enterprise [...] and it implies substantive decision-making responsibilities" (Finkelstein & Hambrick: 1996: 2).

In summary, the approach to the leadership phenomenon from the viewpoint of *strategic leadership* represents a shift, broadening the scope of the study of leadership from a narrow focus upon the leader towards the study of leadership and its impact within the organisation. At this point, two alternative paths arise for the study of leadership: on the one hand, to concentrate on the *impact* of leadership upon the *performance* of the organisation as a whole (strategic leadership); and on the other hand, to focus on a *contextual* approach to strategic leadership which sees it as a *process* within a specific organisational context. Here, different people and features from both inner and outer contexts (history, culture, systems, economic performance, environment, etc.) not only exert influence, but are in their turn influenced, in defining the strategic agenda and executing it over time.

Next, we will trace the evolution of the concept of leadership.

1. 2. Leadership

Even though there are almost as many different definitions of leadership as there are people who have tried to define it (Northouse, 2001), this study intends to establish the similarities among them in order to define the concept. Table 1 lists some of the leadership definitions according to the literature:

Table 1: Leadership Definitions

Author	**Leadership definitions**
Cribbin (1972)	Leadership is a process of influence on a group in a particular situation, at a given point in time, and in a specific set of circumstances that stimulates people to strive willingly to attain organisational objectives, giving them the experience of helping to attain the common objectives and satisfaction with the type of leadership provided.
Middlehurst (1993)	Three dominant conceptions of leadership: as an active process; as a role function; as symbolic.
Kotter (1996)	Leadership is a set of processes that creates organisations in the first place or adapts them to significantly changing circumstances. It defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles.
Daft (1999)	Leadership is an influence relationship between leaders and followers who intend real changes that reflect shared purposes.
Heifetz (1999)	Leadership generally refers to the exercise of influence: the leader leads from the front – usually in high office – influencing others. It is an interactive process based on reciprocity.
Gibson, Tesone & Buchalski (2000)	Leadership is an influence process and the effective leader takes pleasure in influencing employees in positive ways to accomplish both individual and organisational goals.
Grint (2000)	Leadership is an essentially social phenomenon: without followers there are no leaders.
Northouse (2001)	Leadership is a process whereby an individual influences a group of individuals to achieve a common goal.
Burns (2001)	Leadership is the reciprocal process of mobilising, by persons with certain motives and values, various economic, political, and other resources, in a context of competition and conflict, in order to realise goals independently or where they are shared by both leaders and followers.
Yukl (2002)	Leadership is the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives.

Despite the multitude of ways that leadership has been conceptualised, several *components* can be identified as *central* to the phenomenon of leadership. Firstly, most scholars seem to agree that leadership is a *process of social influence* whereby the leader exerts an impact on others by inducing them to behave in a certain way. Secondly, scholars also note that this process of social influence is conceptualised as taking place in a *context* that conditions the process. One context arises from the particular situation, and another from the *relationship* of the *followers* both among themselves and with the leader. Thirdly, within the leadership process, the leader influences the behaviour of group members in the direction of the *common goals* with which the group is faced. For *goals* to be *common* to all, group members need to *understand* them and *agree* not only with them but also about *what* needs to be done to achieve them. Effective leadership will be that which accomplishes the common goals. Finally, some scholars state that leadership involves *values, motives* and *culture.* These influence the leadership process as well since the *values, motives* and *culture* embedded in the organisation will enable the fulfilment of the vision. When group members share *values, motives* and *culture,* common goals are easily attained.

However, even though the definition of leadership in terms of the elements just mentioned *(social influence process, attainment of common goals, context and values, motives and culture)* tends to hold sway in much of the history of leadership theory and research, it is most applicable to theory and research conducted up to the 1980s. Later definitions tend to dwell on the leader as a *'manager of meaning'* (Smircich & Morgan, 1982; Bryman, 2001).

Some scholars assert that this phrase is meant to draw attention to the defining characteristic of true leadership as the active promotion of *values*, which provide shared meanings about the *nature* of the organisation (Bryman, 2001). This emphasis has the further potential to differ from the earlier definitions of leadership in that the focus on meaning might be taken to imply that a wider constituency of organisational members is implicated in leadership. In this way, meanings will tend to be the product of the interpretation of the messages intended by the leader.

However, evolution in leadership definitions results from evolution in leadership theories. A reading of the literature shows that scholars broaden their scope of study over time, modifying their definition of the concept. This will be discussed next.

a) Supervisory theories of leadership

Although the phenomenon of leadership has been around since antiquity (Bass, 1990), the systematic social scientific study of leadership began in the early 1930s. For decades, scholars have approached the study of leadership from different psychological and sociological perspectives. The research that has been conducted since the 1930s can be classified as *supervisory leadership theories*, which include the *trait*, *behavioural*, and *contingency* approaches (Bryman, 2001). These theories focus mainly on the person of the leader, on his or her skills, personal characteristics and leadership style, equating 'leader' with 'leadership' (Parham, 1994).

i. Trait approach

An example of these theories is the *trait approach* (Yukl, 2002; Bryman, 2001; Northouse, 2001; Kekale, 2001; House & Aditya, 1997; Middlehurst, 1993; Bass, 1990; Birnbaum, 1989; Bensimon, 1989) that dominated the scene up to the late 1940s. *Trait theories* aim to determine the personal qualities and characteristics of leaders. They focus on the key skills that make the leader an exceptional person, fitted to be effective in coping with different challenges. Thus, the unit of analysis of the *trait approach* is the person of the leader.

This approach emphasises the attributes of leaders such as personality, motives, values and skills (Yukl, 2002). The theories that were developed were referred to as 'great man' theories because they focused on identifying the innate qualities and characteristics possessed by great social, political, and military leaders. It was believed that people were born with these traits and only the 'great' people possessed them (Bass, 1990; Jago, 1982). In this regard, some people are natural leaders who are endowed with certain traits not possessed by other people (House & Aditya, 1997). Its longevity gives the trait approach a measure of credibility not afforded by other approaches; it lays down benchmarks for what is needed by those wanting to be leaders. Furthermore, it is intuitively appealing since people have a need to see their leaders as gifted people and this approach fulfils this need (Northouse, 2001).

Studies within the trait approach (e.g. Kirkpatrick & Locke, 1991; Lord *et al.*, 1986) look for a significant correlation between the attributes of the individual leader and the criteria of leader success. However, they do not examine any explanatory processes (Yukl, 2002). Moreover, in spite of extensive research efforts, no trait has been found that guarantees leadership success (Northouse, 2001; Parham, 1994). In this sense, decades of research have been unsuccessful in detailing the general and universal qualities or abilities of good and successful leaders (Bensimon, 1989).

In addition, the notion of personal traits represents a somewhat static, indeed uni-dimensional view, and an inadequate explanation of the dynamic phenomenon of leadership (Kekale, 2001). This is the case because there is a lack of attention to intervening variables in the causal chain that can explain how traits will affect a delayed outcome, such as group performance or leader advancement (Yukl, 2002).

Another problem with the trait approach is that there is little empirically substantiated personality theory to guide the search for leadership traits. Consequently, there are few replicated investigations of particular traits. Also, the methodology applied was not well developed during the time when trait studies dominated leadership research. As very little information about the psychometric properties of the trait measures has been reported, many of the measures have limited validity. As a consequence of the lack of theory and of valid instruments of measurement, the traits and their operationalisation vary widely among investigators (Northouse, 2001).

Finally, research within the trait approach is based almost exclusively on observations of supervisors and lower-level managers, rather than individuals in significant positions of leadership, such as high-level managers and chief executives with overall responsibility for organisational performance (House & Aditya, 1997). As a result, researchers have begun to examine how people actually behave, and to look at the relationship between their acts and their effectiveness (Parham, 1994). Following the disenchantment with trait theories, the scope of the study was broadened and leaders were studied either by observing their behaviour in laboratory settings or by asking individuals in field settings to describe the behaviour of persons in positions of authority, relating these descriptions to various criteria of leader effectiveness (House & Aditya, 1997).

ii. Behavioural approach

Researchers made progress in discovering how leader attributes are linked to leadership behaviour and effectiveness. Although the unit of analysis was still the *person of the leader*, the focus was centred on the behaviours and styles that make leaders more effective rather than on the leader's personal skills. This approach began in the early 1950s and researchers agreed at that time to call it the *behavioural approach* (Yukl, 2002; Bryman, 2001; Northouse, 2001; Kekale, 2001; House & Aditya, 1997; Middlehurst, 1993; Bass, 1990; Birnbaum, 1989; Bensimon, 1989).

One of the major empirical contributions of the *behavioural theories* is the identification of two broad classes of leader behaviours – *task-oriented* and *person-oriented* behaviours. This shift denotes an alteration in the practical implication of leadership research. While the *trait approach* draws attention to the kinds of people who are selected to become leaders, the *behaviour approach* emphasises *training*, rather than selecting leaders, since it is believed that leader behaviour is capable of being changed (Bryman, 2001; Northouse, 2001).

The initial guiding assumption of the behavioural approach is that there are some *universally* effective *leader behaviours*, and these are discovered by either observing leaders in action or by asking subordinates about the behaviour of their immediate superiors. As a result, the focus of the study is expanded to include what leaders do and how they do it but, since *there is no justification for any* of the leader's behaviour, patterns regarding effectiveness cannot be identified. Behavioural studies are frequently based on questionnaires that seek to elicit subordinates' recall of the behaviour of their superiors, *presumably reflecting global historical patterns* of behaviour and relationships between leaders and followers, as well as specific recently enacted behaviours (Yukl, 2002; Northouse, 2001; House & Aditya, 1997) and thus, have facilitated predictions regarding effective leadership behaviours.

As in the case of *trait research*, research into the *behavioural approach* is largely inductive, and lacks theoretical orientation. Thus, basic theoretical concepts have not yet been developed. This approach is also plagued by limitations of measurability, since many of the questionnaires are of dubious validity.

Moreover, little thought is given to the specific role demands of leaders, the context in which they function, or differences in the dispositions of leaders and *followers*. As researchers do not consider these factors, they are not able to identify leader behaviours that have universal effectiveness (Yukl, 2002; Bryman, 2001; Northouse, 2001).

Although many research studies could be categorised under the heading of the behaviour approach, the Ohio State studies, the University of Michigan studies, and the studies by Blake and Mourton (1964, 1978, 1985) are strongly representative of the ideas found in this approach (Northouse, 2001). The Ohio State studies analyse how individuals act when they are leading a group or organisation. This analysis is conducted by having subordinates complete questionnaires about their leaders. The questionnaire used was constructed from a list of more than 1,800 items describing different aspects of leader behaviour. Responses clustered around two general types of leader behaviours: initiating structure (task behaviours) and consideration (relationship behaviours) (Northouse, 2001).

The Michigan studies (Katz *et al.*, 1950; Katz *et al.*, 1951; Katz & Kahn, 1952) explore leadership behaviour, giving special attention to the impact of leader behaviours on the performance of small groups. The programme identified two types of leadership behaviours, called employee orientation (behaviour of leaders who approach subordinates with a strong human relations emphasis) and production orientation (leadership behaviours that stress the technical and production aspects of a job) (Northouse, 2001).

The Blake & Mourton Managerial Grid is perhaps the best-known model of managerial behaviour. It first appeared in the early 1960s and since that time, it has been refined and revised several times. This Leadership Grid is designed to explain how leaders help organisations to reach their purposes through two factors: concern for production (how a leader is concerned with achieving organisational tasks) and concern for people (how a leader attends to the people within the organisation who are trying to achieve its goals). The Leadership Managerial Grid joins concern for production and concern for people in a model that has two intersecting axes. By plotting scores from each of the axes, various leadership styles can be illustrated (Northouse, 2001).

Even though these two approaches, in essence, attempt to find a universal 'one best way' to lead, their contribution is limited. Researchers realised that they do not demonstrate conclusively the relationship between leadership and effectiveness, and recognised that leadership effectiveness depends upon the situation. Scholars began to understand that in order to be effective, leaders must be flexible enough to adapt to the differences between their *followers* and a given situation (Parham, 1994).

Consequently, researchers began to appreciate the need for a more *comprehensive* vision of the influence of a particular situation on leaders and followers. There are still some questions to be answered, such as: in what way do *internal* and *external constituencies influence* leaders and followers? Do these constituencies affect leaders' and followers' behaviour? And if they do, in what way? These questions are the first steps towards a consideration of the influence of context on the leadership process.

iii. Contingency approach

Therefore, in order to reconcile differences among the findings concerning leader behaviours, in the late 1960s, researchers made another shift towards a new approach to the study of leadership: *contingency theories*. This approach views leadership as being entirely situational; situation is a key factor in influencing the leader's task and behaviour (Yukl, 2002; Northouse, 2001).

Contingency theories included five different theories: Fiedler's Contingency Theory of Leadership (Fiedler, 1967; 1971); the Path Goal Theory of Leader Effectiveness (House, 1971; House & Mitchell, 1974); the Life Cycle theory (Hersey & Blanchard's (1982); the Cognitive Resource Theory (Fiedler & Garcia, 1987), and the Decision Process Theory (Vroom & Yetton, 1973). Proponents of these theories place situational factors such as the nature of the task, the external environment, and the abilities of the followers in the presence of effective leadership (Kekale, 2001; Middlehurst, 1993; Birnbaum, 1989), towards the centre of any understanding of leadership (Bryman, 2001). They try to specify the situational variables that will moderate the effectiveness of different leadership approaches. Hence, as focus is placed on the impact of the environment on the leader's behaviour, the unit of analysis becomes the situation – i.e. different situations demand different kinds of leadership.

Researchers seem to find this approach valid and reliable in explaining how effective leadership can be achieved. It provides data on leaders' *styles* that can be useful to organisations in developing leadership profiles. Moreover, contingency theories emphasise the importance of focusing on the leadership *contexts*, particularly the link between the *leader* and the *situations* (Northouse, 2001).

However, although the *contingency approach* represents a considerable improvement, in that it introduces *situation* as a key factor in influencing the leader's task and behaviour, it is still weak at offering a completely satisfying account of leadership. The leader—follower interactions, the follower's influence on the leaders, the differences in leadership at various organisational levels and the contrasts between different leadership influences are not considered (Kekale, 2001; Middlehurst, 1993).

Overall, contingency theories are supported more strongly in field studies than in laboratory studies. However, field studies are susceptible to bias from correlated observations, as all the variables involved are measured using reports from the same source (Northouse, 2001).

Moreover, since these theories view leadership as being entirely situational, the personal characteristics of the leader are not predictive of leadership ability. As a result, the situation seems to be overemphasised, and the personal nature of leadership underemphasised (Parham, 1994). Table 2 summarises the study of leadership through the *trait*, *behaviour* and *contingency approaches*, which join into *'supervisory leadership'*, defined as behaviour intended to provide guidance, support, and corrective feedback for the day-to-day activities of work unit members (Middlehurst, 1993).

Table 2: Supervisory Leadership

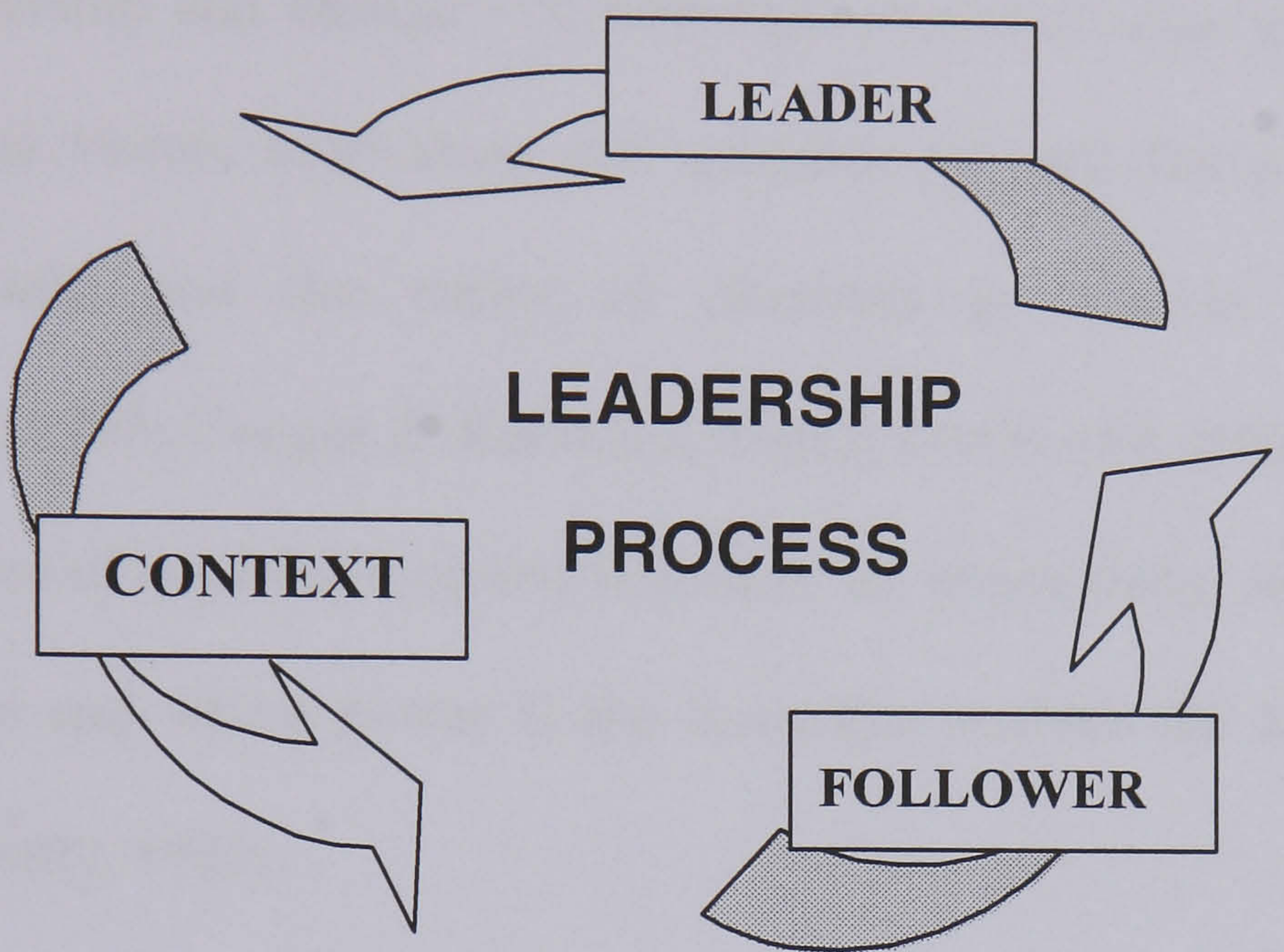
Period	**Approach**	**Focus**
Up to late 1940s	Trait theories	Leadership is linked to personal qualities. Focus on leaders' *attributes*.
From early 1950s	Behavioural theories	Leadership is associated with behaviour and *style.*
From late 1960s	Contingency theories	Leadership is affected by the context and *situation.*

Sources: Yukl (2002); Northouse (2001); Middlehurst (1993); Bass (1990).

These theories focus predominantly on certain aspects of leadership (leader traits, behaviour and situation), without considering other relevant aspects, such as other people involved in the leadership process. Moreover, in studying the supervisory theories of leadership, it seems that focusing on the person of the leader – *trait* and *behavioural theories* – or on the relationship between the leader and the situation – *contingency theories* – leads to the problem of whether the research ought also to focus on the followers. It should not be forgotten that the role of the followers may become as important as that of the leaders. *Followers* may exert considerable *influence on leaders* whose power is constrained by followers' expectations (Ekhart & Klein, 2001; Grint, 2000; Middlehurst, 1993).

Figure 1 shows how leadership may be affected by the *interaction* between the leader, the follower, and the context. The leadership process is not static but *dynamic*. It is a *process* involving the *leader*, the *follower* and the present *context,* and the leadership process will vary according to the different characteristics of leader, follower or context.

Figure 1: The Leadership Process



Thus, researchers nowadays conclude that the reciprocal relationship between leaders and followers should be considered. “Leadership is an essentially social phenomenon: without followers there are no leaders.” (Grint, 2000: 6). However, some questions still remain to be answered about the way in which the followers impact the leadership; are there any followers who exert more influence than others? Are there any variables that transform the way followers view themselves or their task? These variables are tackled by theories formulated later, the *new leadership theories*, which are described in the next section.

b) New leadership theories

By the 1980s a major paradigm shift was beginning to take place. Attention was centred not only on the interactive dyadic relationship between the leader and the follower but also on the use and nature of power and influence; the impact of organisational culture on leadership; the connection between leadership and change – at both individual and organisational levels; leadership and vision; motivation and guidance towards the achievement of collective goals; and the nature of charisma in relation to leadership (Middlehurst, 1993; Conger & Kanungo, 1988). Power and influence make up the fine texture of organisations and indeed of all interactions, where influence is the process and where power is the force that enables the leader to make decisions (Handy, 1985).

Considering the perspective of this new paradigm, leadership is not based on the characteristics or traits of any individual. Rather, it must be examined within a given system that involves *roles* and *interactions* among the individuals fulfilling those roles (Parham, 1994). Hence, the unit of analysis of these theories is no longer the leader but the *interactive social influence process*. This new change of focus gives birth to what Bryman (1992) calls *New Leadership Theories*. These theories represent a substantial change in the basic approach to the understanding of leadership since they release the study of leadership in organisations from the theoretical constraints imposed by focusing on the social psychology of small groups. Thus, scholars now tend to focus on processes of top-level leadership of entire organisations (Conger & Kanungo, 1988).

i. Charismatic Leadership

Among the new leadership theories, *charismatic theories of leadership* include the 1976 Theory of Charismatic Leadership (House, 1977), the Attributional Theory of Charismatic Leadership (Conger & Kanungo, 1987), and the Value Based Theory of Leadership (House *et al.,* 1996). These theories stress the personal identification of the follower with the leader. They conceive leadership primarily as an attributional phenomenon – i.e. an attribution made by individuals who work in organisations in respect of certain leaders. According to this perspective, the key issue becomes that of revealing the types of behaviour that are most likely to lead to the attribution of charismatic leadership. The starting point is a vision, which breaks with the *status quo* – "an idealised goal that the leader wants the organisation to achieve in the future" (Bryman, 1992: 102). In order to be effective, charismatic leaders need to have high power motivation to advocate the vision of a better future for the organisation and for their followers (House, 1977).

ii. Transformational Leadership

The *Theory of Transformational Leadership* suggested by Burns (1978) and further developed and operationalised by Bass (1985) entails both leaders and followers raising each other's motivation and sense of higher purpose. This higher purpose is one in which the aims and aspirations of leaders and followers join into one (Burns, 1978). The transforming leader seeks to engage the follower as a whole person, and not simply as an individual with a restricted range of basic needs (Bryman, 1992). Focus is moved away from the leader towards the follower. The leader's unique contribution may be to collect and integrate the components of a vision provided by the followers, and then to make the vision come alive through persuasive articulation (Yukl, 1989).

Since the advent of transformational leadership theories, leadership has been seen as consisting of leaders *influencing* followers and then *being influenced* by their responses in return (Burns, 1978). These theories acknowledge the importance of the relationship in terms of the leader's effect on the followers and the transcending of *self-interest* by the *followers* for the good of the organisation. These theories grant followers great importance within the dyadic relationship (Parham, 1994; Burns, 1978), since the role of the follower is not merely to follow but to keep the leader in control of the situation. Even more, the importance of the followers' contributions leads to an understanding of leadership effectiveness. Some scholars assert, however, that followers are not a dependent variable responding to the motivational talents of leaders, since there can be no leader without a follower (Parham, 1994).

iii. Transactional Leadership

By contrast, *transactional leadership theories* entail a *bargaining* process within the interaction between both leader and follower; an *exchange* between leader and follower, such as the follower receiving wages or prestige for compliance with the leader's wishes. There is a kind of *implicit contract* beyond which the followers are not prepared to venture in meeting their formal obligations. Leadership takes place, but it does not bind "leader and follower together in a mutual and continuing pursuit of a higher purpose." (Bryman, 1992: 95).

The difference between the transformational and transactional conceptions of leadership is important because of the implication that a leader can be both transactional and transformational. While transformational leadership comprises *charisma, inspiration,* individualised consideration and intellectual stimulation, transactional leadership comprises contingent *reward* and management-by-exception (Bass, 1985).

iv. Visionary Leadership

Finally, the *visionary theories of leadership* were advanced by Kousnes & Posner (1987), and Bennis & Nanus (1985), operationalised by Sashkin (1988), and extended by Nanus (1992). They refer to the *identity* that describes what is central, distinctive and enduring about the organisation. These theories aim at transforming an *organisational culture* in line with the vision articulated by the leader, which shows where the organisation should be heading. Here, the personal capacities and abilities of certain individuals may be seen as crucial to their potential as visionary leaders (specially the need to achieve power).

Scholars highlight three central features of visionary leaders: distinctive personal characteristics, such as the need for power; decisive impacts on organisational functioning such as changing the organisation's culture to express the vision; and distinctive behavioural patterns (Sashkin, 1988). These new leadership theories have several common characteristics. Firstly, they all attempt to explain *how* leaders are able to lead organisations. Secondly, they also attempt to explain *how* certain leaders are able to achieve extraordinary levels of follower motivation, admiration, respect and trust. Thirdly, they stress symbolic and emotionally appealing leader behaviours. Finally, the leader effects include identification with the leader's vision (House & Aditya, 1997).

c) Shared Leadership

Thus far, the study has addressed what Pearce & Conger (2003) would have referred to as the typical top-down paradigm of leadership. In this regard, Locke (2003) suggests four models for describing the mechanisms through which leadership and influence may be exercised and travel within a group of people: top-down, bottom-up, lateral (which he calls *'shared leadership'*) and integrated – i.e. a combination of top-down, bottom-up, and lateral leadership.

However, recent studies have focused on the shared leadership paradigm. Pearce & Conger (2003: 1) define shared leadership as "a dynamic, *interactive* influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organisational goals or both. This influence process often involves *peer*, or *lateral*, influence and at other times involves *upward* or *downward* hierarchical influence." Shared leadership is about co-leadership: inclusive, not exclusive. "It celebrates those who do the real work, not just a few charismatic leaders, often isolated, who are regally compensated for articulating the organisation's vision" (Hennan & Bennis, 1999: 5).

The underlying rationale of this new perspective of leadership refers to the newer generation of organisations and their key characteristic: they do not have a centralised, unitary command structure. Rather, they are often a *loose* *alliance* built around a common interest (Dunphy, 2000). In this regard, leadership is often shared across the various partners or members, making it difficult for a single individual of one entity to truly lead the alliance or network.

Proponents of the shared leadership paradigm view an expanded role for followers in the leadership process (Pearce & Conger, 2003); "Anyone can be a co-leader" (Heenan & Bennis, 1999: 6). It seems relevant to note that shared leadership is not just an issue at the top of organisations; rather, it refers to people at all levels of organisations (O'Toole *et al.,* 2002). Many of the key tasks and responsibilities of leadership are *institutionalised* in the systems, practices, and cultures of the organisation. These key organisational variables are not included in research based on a solo leadership model (O'Toole *et al.,* 2002: 82).

Along these lines, Heenan & Bennis (1999) suggest that power and responsibility are dispersed, giving the enterprise a whole *constellation* of co-stars – co-leaders with shared values and aspirations, all of whom work together toward common goals.

Thus, shared leadership represents a valuable step forward in the study of leadership since it provides a broader perspective on the leadership phenomenon, considering not just the person of the leader and top management team, but also other people. It goes beyond the formal authority, including other people who wield influence. However, this perspective remains within a sociological approach to the leadership phenomenon *in* organisations. This study is focused on leadership *of* organisations – i.e. leadership considered as a *process* that critically impacts on the organisation, its positioning, performance and character.

Table 3: Leadership research concentrated on supervisory leadership, new leadership theories and shared leadership

	Period	**Approach**	**Focus**
Supervisory leadership	Up to late 1940s	Trait theories	Leadership is linked to personal qualities. Focus on leaders' attributes.
	From early 1950s	Behavioural theories	Leadership is associated with behaviour and style.
	From late 1960s	Contingency theories	Leadership is affected by the context and situation.
New leadership theories	From 1980s	Charismatic leadership	Leadership is an attributional phenomenon.
		Transformational leadership	Leadership refers to intellectual stimulation, individual consideration and inspiration.
		Transactional leadership	Leadership is a bargaining process between leader and follower.
		Visionary leadership	Leadership aligns organisation with vision.
Shared leadership	Towards the end of 1990s	Shared leadership	Leadership as a dynamic, interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organisational goals or both

Sources: Pearce & Conger (2003); Locke (2003); O'Toole *et al.* (2002); Yukl (2002); Northouse (2001); Heenan & Bennis (1999); House & Aditya (1997); Middlehurst (1993); Bryman (1992); Bass (1990).

1. 3. Strategic leadership

In broadening the scope of the study of leadership, the focus is on the impact of leadership in organisational performance. With this purpose in mind, and mainly during the 1990s, multiple studies approached the phenomenon of leadership and its *impact* on the overall organisational *performance* as ***strategic leadership***.

In studying strategic leadership, scholars focus on executives who have *overall responsibility* for an organisation (Finkelstein & Hambrick, 1996). Their view is that the impact of the actions of strategic leadership within the organisation is related to the influence of the organisation in the tasks facing the leadership. Top managers are often *constrained* by factors in their environments, organisational *inertia* resulting from fixed costs and prior commitments, and the *limitations* of the executives themselves. These constraints *limit* the effects of the executives' decisions and behaviour on overall organisational performance (House & Aditya, 1997).

This approach to strategic leadership has led scholars to the need to consider *contextual variables* that influence strategic decisions, factors such as size, organisational environment (inner and outer context), the stages of life of the organisation and its type of strategy, technology, and organisational form. These variables are all likely to impose different demands on leaders and, thus, to require specific leader behaviours (House & Aditya, 1997) according to the leader's beliefs and values. Within an organisation, decision-making is influenced by people in general (not only the top management team) and by events. Leaders will act according to the influences upon them within the context in which they perform their duties. In this sense, "[...] if leadership is embedded in social and cultural beliefs and values, then leadership cannot be fully understood apart form the context in which it exists" (Biggart & Hamilton, 1987: 437).

Strategic leadership is the variable that brings about the strategy formulation and implementation process and is indicated by the direction, purpose, adaptation to the environment, and the allocation of resources present in the organisation (Parham, 1994). It is defined as a person's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organisation (Ireland & Hitt, 2005; 1999).

In summary, strategic leadership includes decisions and actions such as "[...] creating and communicating a vision of the future; developing key competencies and capabilities; developing organisational structures, processes, and controls; managing multiple constituencies; selecting and developing the next generation of leaders; sustaining an effective organisational culture; and infusing ethical value systems into an organisation's culture" (Boal & Hooijberg, 2001: 516). This kind of leadership contributes to clarifying the vision and mission of the organisation, where vision refers to "the kind of organisation that people aspire to create in the long term" (Kotter, 1990: 39) and mission to the "primary task, or reason to be" (Schein, 1992: 52).

Thus, there is a new shift in the study of the leadership phenomenon. Scholars realise that organisational performance is affected not only by decisions and actions of executives at the strategic apex of the organisation but also by contextual variables such as size and organisational environment. Table 4 displays different strategic leadership definitions according to various researchers. They mostly agree that strategic leadership is about leadership *of* organisations (Bryman, 1992) and that it is marked by a concern for the evolution of the organisation as a whole, including its changing aims and capabilities (Selznick, 1984).

Table 4: Strategic Leadership Definitions

Author/s	Strategic leadership definitions
Hosmer (1982)	Refers to the creation of an overall sense of purpose and direction, which guides integrated strategy formulation and implementation in organisations.
Shrivastava & Nachman (1989)	Refers to the creation of an overall sense of purpose and direction, which guides integrated strategy formulation and implementation in organisations.
Barber (1992)	Process used to effect the achievement of a desirable and clearly understood vision by influencing organisational culture, allocating resources, generating activities, building consensus within a volatile, uncertain, complex and ambiguous global environment, marked by possibilities and opportunities.
Finkelstein & Hambrick (1996)	Focuses on executives who have overall responsibility for an organisation – their characteristics, what they do, how they do it, and particularly, how they affect organisational outcomes.
House & Aditya (1997)	Giving purpose, meaning, and guidance to the organisation. This is accomplished by the provision of a vision of the organisation, which has inspirational appeal to members of the organisation and to external constituencies on which it is dependent.
Hagen, Hassan & Amin (1998)	Leader's ability to anticipate, envision, maintain flexibility, and empower others to create strategic change as necessary. It is multifunctional, involves managing through others, and helps organisations cope with change that seems to be increasing exponentially in today's globalised environment.
Thompson (1998)	Effective strategic leadership performs charismatic and architectural roles to ensure the organisation has a clearly understood vision and direction, supported by an appropriate organisational structure and management control and reward systems, to ensure that employees are empowered and committed.
Ireland & Hitt (1999; 2005)	Ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organisation.
Boal & Hooijberg (2001)	Focuses on the people who have overall responsibility for the organisation and includes not only the titular head of the organisation but also members of what is referred to as the TMT or dominant coalition.
Rowe (2001)	The ability to influence others voluntarily to make day-to-day decisions that enhance the long-term viability of the organisation, while at the same time maintaining its short-term financial stability. Influencing employees to voluntarily make decisions that enhance the organisation is the most important part of strategic leadership.
Beatty & Hughes (2005)	Enhances an organisation's sustainable competitive advantage through its vision and values, culture and climate, leadership, structure and systems as well as through its strategy. It involves discovering the few key things an organisation needs to do well and can do well, and creating the conditions needed to act collectively on the implications of that discovery; working on issues that cut across organisational boundaries.

In addressing the concept of strategic leadership, some authors focus on the *isolated actions* of the people at the strategic *apex* of the organisation. They centre predominantly on the *content*, or types of policies and strategies that lead to effective or ineffective overall organisational performance. For example, among theoretical and empirical studies on strategic leadership, Lieberson and O'Connor (1972) compare the influence of corporate and environmental factors with the leadership effects among 167 major publicly owned corporations between 1946 and 1965; Salancik & Pfeffer (1977) examine the effects of mayors on city budgets for 30 US cities between 1951 and 1968; Smith, Carson & Alexander (1984) study the careers of senior United Methodist ministers over a 20-year period; Fiedler (1996) bases his study on a survey of 269 industrial and organisational psychologists by Schippman *et al.* (1995).

Moreover, Finkelstein & Hambrick (1996) analyse the role of top executives and their *influence on organisations* from a strategic leadership perspective with the purpose of suggesting a new research agenda for the future. They show that the decisions made by individuals and/or team, along with their actions, have important effects on a firm's performance. The two authors refer to leadership by any or all of the people who have an impact on the organisation as a whole through their decisions (strategic leadership), as opposed to the leadership of only one person or TMT.

The strategic leadership approach has answered the call to "put top managers back in the strategy picture" (Hambrick, 1989: 5), for the understanding of strategic leadership benefits the understanding of the strategy process (Chakravarthy *et al.,* 2003). Accordingly, the *disconnection* between the fields of *leadership* and *strategy* that has been taking place over the last few decades is now coming to an end. In studying the leadership phenomenon from the *perspective of organisational theory,* a more contextual approach is necessarily adopted: leadership *of* organisations rather than *in* organisations (Bryman, 2001).

However, by focusing on top executives, Finkelstein and Hambrick (1996) do not mean to imply that all strategic choices are generated at the apex of the organisation. In this sense, they affirm, "Strategies come from the top, but they also bubble up and accrete from below" (Finkelstein & Hambrick, 1996: 3).

In summary, the study of leadership over time has moved from a focus on the *leader* and his or her personal traits, how he or she *adapts* to different situations, the relationship between the leader and the *follower* and the influence exerted between them, the focus on *co-leadership* or *shared leadership* (not as a solo leadership model), towards strategic leadership with a focus on the *content* of leaders' decisions and actions that impact organisational performance. Even though the approach to the study of leadership has evolved through considering the organisational context in which strategic leadership is enacted, little attention "has been paid to the processes by which strategic leaders affect organisations" (House & Aditya, 1997: 447).

Most of the studies on strategic leadership adopt a perspective limited to the decisions and actions as singular events or *static* pictures, with neither past nor future (e.g. Finkelstein & Hambrick, 1996). There still exist some limitations due to the insufficient attention devoted to the dynamics, *interconnections* and *interrelations* of *decisions, actions* and *events* – i.e. to the *processual* perspective of the study of strategic leadership.

1. 4. Strategic leadership as a process in organisational settings over time

The study of strategic leadership as a process highlights the complex pattern of *interlocking, sequential* and simultaneous value-added activities of leadership situated at different levels in the organisation (Burgelman, 2002). It helps explain paradoxes, vicious circles, *dilemmas*, and *tensions* that derive from the activities of leadership who are differentially situated in the organisation and respond to different *external* and *internal* pressures (Burgelman, 2002).

The driving assumption behind process analysis is that social reality is not a steady state. It occurs as a dynamic process rather than merely existing (Sztompka, 1991). Processual analysis enables us to catch reality in flight (Pettigrew, 1997); processual analysis of strategic leadership is designed to account for and explain the *'what?'*, *'why?'* and *'how?'* of the links between *context, processes* and *outcomes* (Pettigrew, 1997). The processual perspective focuses primarily on what leaders do to mobilise others in a system of interrelationships rather than on 'what they are' (Denis *et al.,* 2001). It visualises the *tactics* (Denis *et al.,* 2001; 1996) that leaders use to influence the course of events as well as the types of organisational outcomes they promote.

The findings of Denis *et al.* (2001) are an example of research that considers strategic leadership as a process taking place in an organisational setting and views strategic leadership as a *collective* phenomenon to which different individuals can contribute in different ways. Denis *et al.* (2001) examine the dynamics of leadership and strategic change in the Canadian health care sector, over time. Their findings suggest that there are *'leadership role constellations'* within organisations which complement each other. This implies an adequate coverage of all activity domains as well as the existence of mechanisms allowing different actors to play their respective roles in a concerted manner. The fact that members of leadership role constellations intervene within their organisations causes strategic leadership to be considered a dynamic phenomenon, which views structure and action as *mutually influencing* one another over time, with individual action being constrained by structure and yet simultaneously modifying that structure.

This study refers to the *strategic leadership process* as the 'set of *decisions, actions* and *events* produced by the whole set of key people and features from both inner and outer contexts, in providing direction, influencing major strategic choices and implementing them, in order to achieve the organisational mission, over time' (Boal & Hooijberg, 2001; Grint 2000; House & Aditya, 1997; Kotter, 1996; Schein, 1992; Collins & Porras, 1991; Pettigrew, 1997, 1973; Dutton, 1986). However, it seems relevant to acknowledge that when considering such a set of decisions, actions and events within the SLP, this study does not focus only on those that actually take place but also on those *options not considered* (Carnall, 2003), the *non-decisions* – i.e. covert issues about which the decision has effectively been taken that they will **not** be decided (Bachrach & Baratz, 1962).

Thus, in order to set boundaries within the broad concept of the *strategic leadership process* (SLP), this study will observe the SLP from the perspective of more specific and concrete activities, as elements within the main SLP: *strategic agenda-building* and *strategic agenda-executing.* While a different grouping could be given to these activities, and this approach is one alternative among several, we suggest that it includes the most critical dimensions within the SLP in trying to understand and analyse the SLP over time, as the main level of analysis for this study.

1. 5. Strategic Leadership Process (SLP) as strategic agenda-building and -executing, over time

a) Strategic agenda

We have just defined the SLP as the set of decisions, actions and events produced by the whole set of key people in providing direction. Scholars identify this as *direction-setting* and declare it to be crucial within strategic leadership (Lorange, 2002; Van Baalen & Moratis, 2001; Hagen *et al.*, 1998).

Through direction-setting, leaders establish organisational goals and strategic actions (Jarzabkowski & Wilson, 2002), giving purpose, meaning and guidance according to the core beliefs and values embedded in the organisation (Collins & Porras, 1991).

Direction-setting results from a combination of strategic choices (Lorange, 2002) that are constrained by environmental forces. Organisations usually seek to interpret these forces by looking into the environment. This managerial activity of learning about events and trends in the organisation's environment is defined as *"environmental scanning"* (Hambrick, 1981a: 299). The available evidence suggests that environmental scanning is not necessarily a formal task assigned specifically to certain executives (Hambrick, 1981a). Middle- and top-level executives usually conduct this activity on an informal basis. Of course, in organisations some scanning is conducted on a formal basis through planning offices and market research staff (Hambrick, 1981b).

Environmental scanning can be conceived of as the first step in the ongoing chain of perceptions and actions that lead to the individuals in an organisation acting on those issues to which their attention is drawn (Hambrick, 1981a). Thus, individuals carry out activities and processes by which they translate the data and stimuli which result from scanning the environment into focused issues and the issues explored (Dutton *et al.,* 1983). Such issues, defined as *"strategic issues"* (Dutton *et al.,* 1983: 307), become relevant because they are likely to have a significant impact on the organisation's present and future strategies.

Accordingly, environmental scanning examines how decision-makers identify and monitor issues emanating from the external environment (Dutton *et al.*, 1989). However, identifying strategic issues through the diagnosis enabled by environmental scanning does not rely solely on observation of the external environment but also builds on existing openings in the organisational context (Denis *et al.*, 1996). In this sense, decision-makers hold concepts and *beliefs* determined by *"cognitive maps"* (Dutton *et al.*, 1983: 310) that provide the lens through which they view the world.

In carrying out the strategic issue diagnosis, the interpretative lens of cognitive maps selects certain aspects of an issue as important and links them to certain actions and consequences, while ignoring others (Dutton *et al.*, 1983). The consequentiality of issue diagnosis awakens the different *interests* of decision-makers who attempt to *influence* the process to suit their own needs (Narayanan & Fahey, 1982).

Moreover, given the impact of *organisational context* in shaping issue interpretations, several studies support the idea that it is an important influence on decision-makers (Capelli & Scherer, 1991). In this connection, Denison *et al.* (1996) refer to three aspects of organisational context: organisational experience in the issue domain, organisational inertia, and organisational resources as interpreted by individuals.

These attempts at influencing are manifested in the distortion and/or selective *control of data* in order to create a particular focus and direction

(Dutton *et al.*, 1983). This process of paying attention to strategic issues is conceptualised as an *"agenda-building"* process (Dutton, 1986: 3), where *"agenda"* (Dutton, 1986: 6) is the structure that limits and orders an array of issues for top-level decision-makers in organisations.

In observing "how issues come to be issues in the first place" (Kingdon, 1990: 1), researchers focus on a process that takes place during the early stages of decision-making, when issues are first identified and diagnosed: *issue-selling* (Dutton & Ashford, 1993). This process refers to individuals' behaviours that are directed toward affecting others' attention to and understanding of issues. Issue-selling prompts top management to attend to issues where they might otherwise not do so, fostering their legitimisation as *organisational issues* (Dutton & Ashford, 1993).

b) Strategic agenda-building and -executing

The *strategic agenda* is the product of forces at multiple levels of the organisation that consciously or subconsciously work to make an issue consensual, legitimate and resource-consuming (Dutton, 1986). Thus, when this process of agenda-building is formalised, organisations employ strategic issue management systems to identify and legitimate a subset of potential strategic issues for further consideration. On the other hand, when this process is informal and implicit, organisations have no clear identifiable system for generating the set of strategic agenda issues (Dutton, 1986).

In trying to understand the conditions under which strategic issues are likely to receive attention, Dutton (1986) develops a model of *strategic agenda-building*. She concludes that the probability that any particular issue will be placed on the strategic agenda depends on the conditions of three interactive factors at any one point in time: firstly, *issue salience,* which refers to the different levels of interest in and exposure to an issue according to its consequentiality and urgency, and results in the admission of some issues onto the strategic agenda, and the denial of others. Secondly, *issue sponsorship*, related to the political foundation of an issue. This idea acknowledges that the activation of interests over the definition of strategic issues politicises the process of strategic agenda-building. Here, the key point is to understand that certain individuals become attached to strategic issues. Whether acting autonomously or as members of a coalition, sponsors latch onto issues and mobilise interest and spread awareness about a particular issue, translating a concern into action by its placement on the strategic agenda (Dutton, 1986). Thus, issue sponsorship will be likely to depend on the sponsor's centrality and his or her particular characteristics. Finally, *agenda structure* refers to the entry of a new issue onto the strategic agenda, facilitated or constrained by the form or structure of the organisation's agenda at the time an issue is being initiated (Dutton, 1986).

In sum, the *tactics* for managing agenda-building in organisations rely upon actions that influence the three factors that determine an issue's force: *issue salience*, *issue sponsorship* and *agenda structure*. By influencing any of these three *interactive* factors that foster the legitimation of strategic issues throughout organisations, the likelihood that a particular issue or set of issues will gain agenda status is altered. These actions have a profound influence on the strategic direction of the organisation (Dutton, 1986). Once certain strategic issues have finally been included in the strategic agenda of the organisation, the ensuing decision-making processes will result in decisions that are formulated and implemented for the organisation to fulfil its strategy.

It seems relevant to note that the range of potential decisions and actions taken to resolve a strategic issue “falls along a continuum ranging from modest, small-scale change to far more extensive radical and dramatic changes” (Dutton & Duncan, 1987: 286). Thus, strategic issues involving a turning point in the strategic agenda of the organisation produce *breakthrough initiatives* with a high impact on the organisational agenda; whereas strategic issues which carry on strategies previously set, produce only incremental initiatives.

Moreover, in carrying out decision processes, decision-makers find themselves compelled to adapt to contextual antecedent factors (Rajagopalan *et al.*, 1993), such as diverse environmental demands (Rajagopalan *et al.,* 1993; Sporn, 1999), organisational conditions and decision-specific characteristics (Rajagopalan *et al.*, 1993). In this regard, decision processes can be viewed as the result of human and organisational constraints, which influence the course of events in a way that suits some individuals’ ends or blocks the objectives of others. On some occasions, influence drives decisions into the sphere of ‘non-decisions’.

This limitation applies not only to those individuals engaged in the process, but also to those who, although only indirectly involved, still exert some influence (Miller *et al.*, 2001). Different issues will attract different individuals who will want to be concerned because they are affected by what is being decided, or because they see a chance to influence matters in their favour. Thus, decision-makers face the need to undertake a variety of decisions; in fact, not just decisions in the sense of specific commitments to action (Mintzberg *et al.*, 1976), but various strategic decision-making processes:– i.e. important actions and dynamic factors that begin with the identification of a stimulus for action and end with the specific commitment to undertake that action (Mintzberg *et al.*, 1976).

Accordingly, strategic decision-making is crucial for this study on the strategic leadership process because it involves the fundamental decisions that shape the course of an organisation (Eisenhardt & Zbaracki, 1992); the consequential ones which govern what things are done and shape the future direction of the organisation and the lives of the people within it (Miller *et al.*, 2001). They are "...important, in terms of the actions taken, the resources committed, or the precedents set" (Mintzberg *et al.*, 1976: 246; Eisenhardt & Zbaracki, 1992: 17): i.e. those infrequent decisions made by the top leaders of an organisation that critically affect organisational health and survival.

A strategic decision is "one which is new to the organisation adopting it, no matter how old the programme or policy may be or how many other organisations may have adopted it" (Walker, 1969: 881). Wilson (1982: 133) defines strategic decisions as those "made about issues previously unencountered or unexplored in an organisation". Moreover, strategic decisions are the set of decisions that result in the *formulation* and *implementation* of strategies designed to achieve the major objectives of the organisation. These decisions involve complex long-term, future-oriented issues (Pearce *et al.*, 1987) that are already part of the strategic agenda of the organisation.

In the same way that strategic decision-making results from the formulation phase of organisations' strategy, the implementation or execution phase deals with how to convert decisions into actions to achieve predefined goals (Chakravarthy *et al.*, 2003). As a result of the way strategic decision-making is carried out, the decision resulting from the formulation phase may assume different forms: *commitment* to action; *postponement* of a decision to a future date; a *non-decision* or *dropping* of the issue from the strategic agenda of the organisation; *transformation*, or *portraying* the issue as a symptom of a larger issue yet to be resolved (Narayanan & Fahey, 1982).

Since decisions are valueless unless put into effect, sometimes decision-makers push execution to get decisions adopted (Nutt, 2001). Thus, in order to guarantee the embracing of those decisions which result from the strategic decision process, decision-makers "use implementation" (Nutt, 2001: 233). To do so, they create environments in which decisions can survive and take root (Nutt, 1986).

In sum, the term *strategic agenda-building and -executing* refers to the processes through which strategic issues gain decision-makers' attention and are legitimated in the organisation. The expression highlights the effort and resources that individuals expend to have an issue made a strategic agenda item (Dutton, 1986).

This has been a brief overview of the research paradigms and of some of the existing theories that have historically been most prominent in the leadership literature. Their main assumptions and limitations, as well as any remaining unanswered questions to date, have been exposed, starting from the *supervisory theories of leadership* (trait, behavioural and contingency approaches) and passing through the *new leadership theories* (charismatic, transformational, transactional and visionary) all the way to the modern emphasis on the *strategic leadership* of the executives who have overall responsibility for an organisation (Finkelstein & Hambrick, 1996) and on the call for more organisational focus.

The study of the strategic leadership process in organisational settings is intended to shed light on *the set of decisions, actions and events involved in* ***providing direction*** *(strategic agenda-building), influencing major strategic choices and* ***implementing*** *them (strategic agenda executing), in order to achieve an organisational mission, over time* (Boal & Hooijberg, 2001; Kotter, 1996; House & Aditya, 1997; Collins & Porras, 1991; Grint, 2000; Schein, 1992; Pettigrew, 1973, 1997; Dutton, 1986). In tracing the study of the leadership phenomenon from its early trends, scholars have approached it as if leadership were enacted in a *vacuum* – i.e. were *context-free* – since organisational variables have been completely ignored. Since then there has been a shift in the study of leadership, and scholars nowadays refer to it as a collective phenomenon that contemplates the dynamics of decisions and actions. In this way the scope has been broadened to refer to the study of strategic leadership as a process in context.

In order to shed light on the contextual and processual perspective of strategic leadership, this study will approach strategic leadership as a process within a specific organisational setting. The following section addresses the particular setting in which the strategic leadership process is observed.

2. Strategic Leadership as a Process in Organisational Settings: Business Schools

2. 1. Introduction

Up till now, we have approached the study of the leadership phenomenon from several perspectives. Initially, the focus was on the person of the leader, his personal traits and characteristics (trait theory); his behaviour and style (behavioural theory); and then the leader's situation (contingency theory). Later, a shift in the study caused the role of the follower to be addressed, and with it the focus moved from the role of the leader to the dyadic relationship between leaders and followers. The new leadership theories introduce power and influence, vision, and change to the leadership scenario.

At this stage, the shared leadership paradigm is introduced. This conceptualisation of leadership stands in contrast to traditional notions. The key distinction between shared leadership and traditional models of leadership is that the influence process involves more than just downward influence on subordinates by an appointed or elected leader (Pearce & Sims, 2000; 2002). Rather, leadership is broadly distributed among a set of individuals instead of centralised in the hands of a single individual who acts in the role of a superior (Pearce & Conger, 2003).

Interest then arises in understanding leadership as an *organisational process* that leads to enhanced performance in organisations. Scholars are beginning to employ the concept of strategic leadership, although in a limited way, since it is not only a-contextual but also a-processual. To remedy this inadequacy, this study focuses on the strategic leadership process in organisational settings, over time. It intends to shed light on the set of decisions, actions and events produced by key people in building and executing the strategic agenda in order to achieve the organisational mission, over time. Accordingly, this set of decisions, actions and events is the result of different constraints on contextual factors provided by the organisational setting in which the strategic leadership process is enacted.

This study has chosen Business Schools as the specific organisational context for the observation of strategic leadership as a process. Two characteristics make Business Schools particularly attractive for this purpose. Firstly, like most higher education institutions, they present some key organisational characteristics, such as shared and diffused power (Cohen & March, 1974; Denis *et al.,* (1996, 2001); collegiality and consensus-based decision-making (Ramsden, 1998; Chaffee, 1983; Hardy, 1991) around an organisational purpose; dual authority (Hardy, 1991), since in academic institutions authority is embedded in the knowledge of academics, and the administrators' authority has a double-track. These key characteristics make it easier to show how context shapes the strategic leadership process (SLP) because a greater transparency of process is typical of Business Schools as compared to other organisations.

At this distance, it seems relevant to note that the shared leadership paradigm would be an adequate approach given that it focuses on how people – basically, 'knowledge workers' (Pearce, 2004) – interact. However, this perspective still represents a sociological approach not necessarily linked to organisation theory. This study aims to analyse and understand strategic leadership as a process, from the perspective of organisational theory: the interlocking of the leadership and strategy fields.

Secondly, Business Schools have been very successful in developing and transmitting the knowledge required for managers to face current environmental challenges. As a result, there has been increasing demand for executive education over the last few decades. Business Schools need clear strategic direction if they are to respond appropriately to a changing and increasingly competitive marketplace.

2. 2. Why Business Schools?

Since the advent of the so called 'global era', a number of elements related to society and business have evolved and/or changed: intensive innovation has become the prime driver of competitive advantage, and current models of management research and education need to adapt to a model that deals adequately with the collective learning and un-learning necessary for such innovation (Hatchuel & Glise, 2004). In this regard, it seems relevant to declare that the 21st century social–economic landscape has brought about the importance of knowledge. Accordingly, transferring knowledge and developing the right competencies and skills have become the prerequisites for individual and organisational manoeuvring (Van Baalen & Moratis, 2001).

Scholars agree that changes occurring in the business environment are leading to more complex, flexible and responsive organisations (Oblinger & Verbille, 1998). Today's enterprises are indeed flexible and adaptive to changing market and environmental circumstances (Van Baalen & Moratis, 2001). This state of affairs has generated both opportunities and risks for individuals and organisations at large (Cornuel, 2005). Management has changed accordingly and the present-day manager is confronted with different fast-changing competitive and organisational realities (Van Baalen & Moratis, 2001). More than ever, business relies on higher education to prepare students for this rapidly changing environment, expecting it to help develop their critical thinking and analytical abilities (Pfeffer & Fong, 2004).

Within the education industry, even though universities have undergone various periods of drastic change since their creation, it is the scale and scope of the consequences that current changes are bringing about that pose serious questions about their future viability (Van Baalen & Moratis, 2001). Among these consequences, Business Schools have become particularly affected by new entrants, new competitive dynamics, institutional change, and the highly differentiated demand for education (Van Baalen & Moratis, 2001).

Their close contacts with industry have enabled Business Schools to witness most of the developments that form the basis of the current challenges. More than ever before, Business Schools are networked with business and with other key institutions in society (Lorange, 2005). The Schools thus have a crucial role to play in optimising the way institutions are managed, with the objective of ensuring the best possible level of growth and thereby a dramatic improvement in people's lives (Cornuel, 2005). Their important role in the present economic and social context (Crainer & Dearlove, 1999) is based on their ability to influence the different sectors of the economy, spreading ideas through academic research, developing important relevant knowledge, and serving as a source of critical thought and inquiry about organisations and management (Pfeffer & Fong, 2004).

In this role, Business Schools stand connected to but also somewhat apart from business and other organisations, providing objective research and critical consideration of business and business practices, and their effects on people and society, in an effort to serve not only business but also broader social interests and concerns (Pfeffer & Fong, 2004). Thus, the overarching mission of Business Schools is to be responsible both for the continuous dissemination of new and evolving bodies of knowledge available to practitioners, and also for the institutionalised development of a new Faculty to continue the process of discovering and developing knowledge (Harvey *et al.*, 2006).

Business Schools are both custodians and communicators of knowledge about the business practices used in society. As Higher Education Institutions (HEIs), they are "knowledge-producing institutions" (Bargh *et al.,* 2000: 2) in which the *creation* and *transmission* of *knowledge* by academics constitutes the *essence*. Beyond this, they foster the research process that enhances general understanding and the cognitive capacity of society (Harvey *et al.,* 2006). Thus, since they find themselves at the *interface* of the business and academic worlds, they must allow themselves to respond to demands for business relevance and academic rigour within an ever more international environment (Prince, 1999; Hitt, 1998).

A new competitive map for today's Business Schools is emerging (Lorange, 2002), from which one can imagine them not just as knowledge-bearers (Sahlin-Andersson & Engwall, 2002) but as, potentially, a new kind of space, an "agora" (Nowotny *et al.,* 2001: 203) in action where different stakeholders and different disciplines interact and learn from each other (Starkey *et al.,* 2004). To achieve this, Business Schools will have new strategic choices to make, relating to how they would prefer to serve the new, networked society (Lorange, 2005). Thus, they require a strategic leadership process to guide them effectively through the 21st century (Van Baalen & Moratis, 2001; Hitt, 1998) enabling them to respond to demands for business relevance and academic rigour within an ever more globalised environment (Prince, 1999; Hitt, 1998).

2. 3. Business Schools and Professional Service Firms (PSFs)

In reviewing the abundant literature on PSFs and Business Schools, a number of common characteristics emerge. These imply that Business Schools can be considered to fall within the generic category of professional service organisations. In fact, various authors such as Mintzberg (1989), Morris & Empson (1998), Lowendahl (2001) and Brock (2006), refer to higher education institutions, among which Business Schools can be included, as a type of PSF. This study will now review two key aspects of PSFs – their essence and their key organisational characteristics – and will then look at the evolution of the archetype concept that clearly influences their governance.

a) What is a Professional Service Firm?

There is a significant body of research that analyses one particular dimension of PSFs, rarely comparing different types of PSF, or PSFs in different countries. Despite the diverse nature of this veritable stack of research studies, one common characteristic is the initial description of what is meant by professional service. Traditionally, the literature states that lawyers, architects, and auditors, among others, deliver professional services even to the extent of being excluded from selling their services if they are not members of the corresponding professional association. Other vocational groups, such as business consultants, have not succeeded in firmly establishing their professional association. There is no set body of knowledge for business consultants as such, and in fact, many management consultants are members of established professions in addition to being consultants. Moreover, there is no licensing of management consultants, and there is no professional organisation with the right to supervise and potentially exclude consultants from practising.

Lowendahl (2000) does not attempt to classify those people delivering professional services, but finds it more meaningful to talk about professional services as a special type of service. She suggests that "...management consultants may deliver a service regarded as professional as that of lawyers" (Lowendahl, 2000: 19).

Nachum (1999) defines professional services differently, taking two key characteristics as a standpoint: firstly, professional knowledge is their core resource, and forms both the input and the output of their production processes; and secondly, the clients of professional service firms are other firms or organisations; the output of the PSFs is used as an intermediate input in the production processes of these other firms or organisations. Moreover, Nachum (1999) adds that such knowledge is derived from professional training and is associated with recognised professional associations. Nachum (1999) also describes the PSF production process as being based on the analysis and application of knowledge by professionals or "highly educated employees" to provide "a one-time solution to specific clients' problems".

Lowendahl (2000) mentions that a professional service possesses the following characteristics: firstly, it is highly knowledge-intensive, delivered by people with higher education, and frequently closely linked to scientific knowledge development within the relevant area of expertise; secondly, it involves a high degree of customisation; thirdly, it involves a high degree of discretionary effort and personal judgement by the experts delivering the service; fourthly, it typically requires substantial interaction with the client firm representatives involved; and fifthly, it is delivered within the constraints of professional norms of conduct, including setting clients' needs higher than profits and respecting the limits of professional expertise.

According to Lowendahl's perspective, PSFs are knowledge-intensive firms (KIFs), but not all such knowledge-intensive firms deliver professional services. For example, schools are knowledge-intensive establishments, but they are not professional service firms (not specialised, no customisation, etc.). "The difference between professional and non-professional organisations lies in the characteristics of the service delivered, rather than in the characteristics of the people employed" (Lowendahl, 2000: 19).

Mintzberg (1989) refers to PSFs and knowledge-intensive firms in an inclusive way. He considers the following establishments to be examples of PSFs or KIFs: universities, general hospitals, accounting firms, law firms and engineering firms. Like most of the foregoing authors, Mintzberg (1989) underlines certain differential aspects, such as: standardised high proportion of knowledge and skills, autonomy and discretional judgement based on professional expertise; a close relationship between professionals and clients; difficulty in coordination; duality between the power of professional and administrative bureaucracy.

Finally, Morris & Empson (1998) assert that PSFs (accounting firms and consulting firms, among others) can be considered as KIFs, although they recognise that the role knowledge plays in PSFs has received little research attention, and that it might be important in the future to consider it as an objectively definable and a key resource.

b) Key organisational characteristics of PSFs

i. Individual Professionals

As Lowendahl mentions (2000: 41), PSFs provide innovative problem-solving services, based on a high degree of professional expertise and individual judgement. The author then adds: "The core of the resource base of the professional service firm resides in the professionals employed and their ability to solve whatever problems the clients may want them to solve." Therefore, professionals are key resources and one of the main challenges for PSFs is attracting and retaining the most valuable professionals in the marketplace.

Therefore, PSFs should be run by taking into account the unique characteristics of the professional. The literature on the subject focuses mainly on four broadly defined unique characteristics of individuals, which the leaders of PSFs should consider: firstly, autonomy; secondly, career development focused on professional expertise; thirdly, a stronger link to professional standards and values than to the PSF that employs them; and finally, power based on professional expertise.

One could first mention professionals' need for autonomy, which mainly implies that they intend to create their own role, thereby differentiating themselves internally according to their work interests. In this regard, Hall (1968) and Scott (1965) define autonomy as independence in defining problems and generating solutions without pressure from clients, non-members of the professions, or the employing organisation. Thus, one might say that one of the most outstanding characteristics of professionals is their need for autonomy (Kerr *et al.,* 1977). This constitutes a challenge for PSF leaders, a subject that will be addressed later.

The second main characteristic of the professional is a tendency to focus his/her career development on professional expertise and to aim to avoid repetitive or managerial tasks. Hinings *et al.* (1991) identify professional expertise as the main source of power in PSFs. This may be a reason why a professional's career development is more focused on professional expertise, rather than on progress within the administrative or management hierarchy.

Thirdly, it could be said that professionals show a stronger link to their professional standards and values than to the PSF that employs them. This can be seen in the importance that professionals attribute to their reputation among their peers, and in their adherence to professional standards and ethical values.

Finally, since a professional's work demands a high degree of skill, knowledge and expertise, they believe that only their profession and peers can accurately assess their performance (Friedson & Rhea, 1965; Goode, 1960). Bucher & Stelling (1969) also mention this. They confirm both the idea of power based on professional expertise, rather than management positions; and the importance of peer-acknowledgement derived from the conception of 'professionals' as a select group beyond other types of recognition (collegiality).

Empson (2000) also emphasises similar characteristics in individual professionals, when she states that "...professionals have been traditionally characterised as highly autonomous individuals, resistant to bureaucratic control, committed to the ideals of their profession, and loosely associated with the commercial objectives of their employing organisations".

ii. Professional Competences

The current literature on PSFs refers to members' need to have 'professional competencies' rather than 'professional knowledge' -defined as the ability to master the tools of the profession. The underlying logic of this statement is that ‘professional knowledge’ is not enough to succeed in building reputation and trust in the marketplace. Therefore, one could say that the employees of PSFs should possess ‘professional competencies’, which includes professional knowledge, skills and attitudes. In addressing the nature of the relationship between PSFs and its professional service personnel, Paulin (2000) suggests it is transactional. This is the rationale for creating client-perceived value, which she believes is “...dependent to a large extent on the specialised skills, techniques and experience of contact personnel interacting in a socio-economic context with the client” (Paulin, 2000: 453). She even suggests that professionals who interact with clients “...must balance technical, administrative and social competencies” (Paulin, 2000: 470).

Empson (2000) considers that the PSF’s main input is professional expertise, and that the output includes the services or products created to solve clients' problems. However, according to this author, knowledge is not merely based on “objective facts” but is also socially constructed. Therefore, knowledge is altered by beliefs about what is useful and what is not, or about what generates value and what does not. Morris and Empson (1998) suggest that knowledge in PSFs or knowledge-based organisations (KBOs) could be viewed as information which professionals acquire through experience and training, together with the judgement they develop over time. which enables them to deploy such information effectively in order to deliver client service.

Lowendahl (2000) suggests that the more innovative and idiosyncratic the service, and the larger the knowledge gap, the more complex this first process is likely to be. Furthermore, Pettigrew and Fenton (2000) affirm that one of the most relevant challenges of running PSFs concerns "...the efficient and effective capture and dissemination of knowledge in the context of a growing global business" (Pettigrew & Fenton, 2000: 3). 'Information asymmetry' is closely related to knowledge-updating. "PSFs primarily create value through processes that require them to know more than their clients, either in terms of expertise or in terms of experience in problem-solving situations" (Lowendahl, 2000: 32).

Because of the idiosyncrasy of professional services, the degree of information asymmetry varies not only from one client to another, but also from one project to another. In such a demanding atmosphere, professionals should always remain one step ahead of their clients with the necessary competence to continue delivering valuable services. As Lowendahl (2000) states, "...the challenges of the knowledge gap between the professional service provider and the client representative(s) lie at the very core of the management of professional service firms, and contain both a fundamental and a strategic dimension" (Lowendahl, 2000: 37). The strategic dimension can be found in the type of projects the PSF takes on.

Given the complex nature of the PSF's outcome, professionals need to have several skills. First we should mention the relevance of individual judgement, applied to identifying what is necessary to solve the client's problem. Maister (1993) comments on the relevance of individual judgement in each "service encounter" with the client. PSFs, therefore, are often centred on named individuals rather than on the PSFs themselves.

As mentioned above, Paulin (2000) stresses that representatives of PSFs should possess interpersonal skills, because of the nature of the relationship between client and service provider. Furthermore, the intangibility of the PSF's outputs gives more relevance to the impact of interpersonal relationships on the client's perceived value.

Aharoni (1997) also discusses the active role of clients throughout the delivery process, which leads to a close interaction between professionals and client-firm representatives. "The output is produced in close relation with the client, making the latter an active participant in the production process and a significant determinant of the output" (Aharoni, 1997).

On the other hand, information asymmetry involves the positioning of the firm in relation to the different types of clients, since the delivery process will differ from client-firms who have specialists in the subject and those who do not. Lowendahl suggests that the wider the knowledge gap, the more pedagogical the service provider must be, therefore providing not only a service but also a learning experience to its customer. Therefore, information asymmetry requires that professionals possess pedagogical skills in order to guarantee that the knowledge transfer processes are managed conscientiously.

However, it is interesting to note that the development of these skills – individual judgement, and interpersonal and pedagogical skills – has a two-fold impact. As regards the client—PSF relationship, they strengthen the link with potential and current clients. And in terms of the internal communication processes, they promote interaction with other professionals, regardless of their area of expertise.

Finally, concerning attitudes, one may say that only open-minded professionals will be able to develop the required skills and to comprehend the diverse situations that they face in every new project.

Pettigrew & Fenton (2000), quoting Liedka *et al.* (1997: 47), mention the "service oriented workforce" as a unique characteristic of the PSF. In order to deliver customised and innovative solutions to clients, professionals require a high degree of service orientation, so that they can understand clients' needs and manage the work team throughout the delivery process to meet such needs efficiently.

Innovation is also a key component of the professional services delivery process. Regarding factors that promote innovation in PSFs, Mintzberg (1989: 190) comments: "In the professional organisation, major innovation also depends on cooperation. The single professional may perfect existing programs, but new ones usually cut across the established speciality [...] and so call for collective action. As a result, the reluctance of the professionals to cooperate with each other and the complexity of the collective processes can produce resistance to innovation."

Thus, as mentioned by Pettigrew & Fenton (2000: 23), there are increasing demands from customers, who are "becoming more discriminating and demanding" and operating in a more competitive market both in terms of price and newcomers onto the marketplace. Therefore, it is the clients themselves who are pushing for higher standards and PSFs need to respond not only fast but also effectively; only flexible professionals have the ability to respond fast and effectively.

Skills development seems to be a current issue in PSFs, where according to Pettigrew & Fenton (2000) in their study on the transformation of PSFs into integrated global networks, PSF members are spending more time in groups: "not just in work teams, but in teams to develop skills or markets and business planning" (Pettigrew & Fenton, 2000: 26).

One could also identify cooperation as a key skill for PSF members. Through the professional's desire for autonomy and the 'dual authority' system, cooperation is a relevant social mechanism to align and coordinate the actions of all PSF members. Bartol (1979) states that one of the specific attitudinal dimensions of professionalism is "ethics", as a responsibility to avoid self-interest and emotional involvement with clients in the course of rendering services, as well as a dedication towards providing the client with a high quality service.

As regards skills development, Pettigrew & Fenton (2000: 38) affirm that effective sanctions, such as reward and recognition systems, might be successful in encouraging positive behaviour. However, in their study they found that "...no firm could give examples of rewards for cooperative behaviour". Thus, it appears that skill development is a key issue for the PSF's strategic setting, with a two-fold impact: internally, in motivating professionals and facilitating coordination, and externally, in differentiating between and attracting projects from current and potential customers.

iii. Shared Power

Another noteworthy key characteristic of PSFs is the diffusion of power among shareholders, mainly professionals who expect to participate in strategic decision-making as a sign of trust and respect from the organisation. Marcson (1961) describes this shared power as a system of control, in which authority is shared by all members of the working group; however, he also points out that authority is deemed to rest in the group rather than in the individual.

On the contrary, other authors (Bucher & Stelling, 1969; Montagna, 1968) state that the unique characteristics of this type of shared power system are its emphasis on collegiality, peer evaluation, autonomy, informality, and structure flexibility. Greenwood *et al.* (1990: 733) propose an even narrower definition of shared power, which is reflected in "collegiality, peer evaluation, and autonomy". Moreover, the authors also point out that in PSFs –sometimes with a partnership structure – authority is a key component because of its collegial and fragile nature. The authors further note that in such systems, there is only a minimal hierarchy, consisting of a chief executive who holds office at the will of his colleagues and acts within a system of shared decision-making on all major policy issues.

Bucher & Stelling (1969) address the difference between authority and power, stating that authority is generally defined as a relationship in which the subordinate voluntarily surrenders his own judgement and ability to make decisions, and bases his actions on the commands of his superior. However, as has already been mentioned, the professional's need for autonomy may hinder the existence of this type of relationship. In contrast, Bucher & Stelling (1969), define power as the extent to which individuals and groups can control their working conditions. Therefore, one may conclude that in PSFs, professionals are likely to have both authority *and* power. This shared power may be limited to professional work-teams, and is derived from the unique characteristics of professionals (autonomy, a strong link to professional standards, the relevance of reputation and peer evaluation).

However, as noted by Greenwood *et al.* (1990), there is a minimal hierarchy that leads to a 'dual authority' phenomenon. The main asset of a PSF is its group of qualified professionals who possess the required 'professional competencies' to deliver innovative solutions to clients' problems. But PSFs also need a management structure, to coordinate and support the work of their professionals.

Mills *et al.* (1983) point out that in PSFs, many of the traditional management or administrative tasks are delegated to non-professional staff members. Managers have become the link between the administrative core and the operation units. Moreover, with increasing demands from clients, professionals have become more dependent on the efficiency of the non-professional members of the PSF. Furthermore, professionals have access to and control over crucial information, and this is a significant source of power for them. Professionals also have the right to determine what is to be done and how it should be done.

Greenwood *et al.* (1994) mention that because of the potential stress between professionals and managers in PSFs, there is a clear awareness of how authority is exercised. Mintzberg (1989) states that the unique configuration of PSFs resides in their democracy, reflected in the dissemination of power throughout the whole organisation. In contrast to Marcson's (1961) opinion, however, power here is directed to every member, and does not reside in the group itself. This provides PSFs with extensive autonomy, freeing professionals from the need to coordinate closely with their colleagues. Professionals in these organisations are free to serve clients in their own way; they are limited only by established professional standards (Mintzberg, 1989).

Thus, it would seem that the 'dual authority' phenomenon represents a considerable challenge for the leaders of PSFs. They are responsible for guaranteeing the alignment and efficiency of the entire organisation, because an efficient interaction between both groups – managers and professionals – is essential for fulfilling current client demands and for building trust both inside and outside the PSF.

iv. Intangibility

The inputs and outputs of the PSF, as well as its main assets – professionals' knowledge, skills and attitudes and the PSF's reputation in the marketplace – have the particular characteristic of being intangible. Some of the literature on the subject focuses particularly on the intangibility of PSFs' inputs. Winch and Schneider (1993) mention the undeployable nature of PSF assets as the most striking difference between professional services and other types of service industries. The latter deploy their assets – such as production facilities, aeroplanes, hotels, or even liquid assets (banks) – and although service industries are often called 'people organisations' they largely depend on their infrastructure. Winch & Schneider (1993) also refer to the intangibility of PSF assets, but they concentrate more on the constraints that this places on the strategic preconception of PSFs. Strategic planning in PSFs involves two main tasks: firstly, dealing with the development of professional skills, the reputation of the partners (in the case of a PSF with a partnership structure); and secondly, maintaining a balanced 'dual authority' system.

In contrast, other authors focus on the intangibility of PSF outputs. Mills *et al.* (1983) argue that services are perishable, and thus inventory is impossible. The intangible output of the service organisation is either consumed immediately, or lost for ever, in contrast to the tangible products produced by a manufacturing entity. Larson (1977) affirms that what distinguishes a professional service from other services is that its 'output or product' is sufficiently intangible to prevent it from being traded as a commodity, yet sufficiently standardised to enable differentiation of the PSF. "Due to the intangible nature of the PSF's output, these firms have focused more on quality and reputation than on minimising transactional costs" (Pettigrew & Fenton 2000: 6).

There is also literature that stresses the intangibility of both the inputs and outputs of PSFs (Lowendahl, 2000; Maister, 1993; and Empson, 2000). Moreover, Pettigrew and Fenton (2000: 3) emphasise that the PSF's unique characteristics "...signal the extreme reliance upon named individuals, rather than the tangible entity of the firm to drive the business in value creation".

While intangible production factors are undoubtedly the most critical in the production processes of professional services (Lowendahl, 1997; Nachum, 1999), and their utilisation is the major determinant in terms of productivity, capital seems to be an increasingly important factor for production today. Capital mainly implies the purchase of office space and communication facilities (both within the firm and with clients) and transportation costs. As firms increase their international coverage and IT becomes more capital-intensive, these expenses account for an increasing part of the total costs associated with the production of professional services (Nachum, 1999).

v. Standardisation–Customisation

It could be said that the nature of PSFs is highly complex, due to a wide range of factors, as follows: its dual authority (professionals and managers); its intangible assets (reputation, knowledge, professional competencies); its intangible output (innovative solutions to clients' problems); and finally, the pressure to be efficient in a competitive and changing environment. One possible approach to the latter factor would be to increase efficiency through standardisation. The characteristics of PSFs make standardisation a complex challenge, although a certain degree of standardisation is necessary – for example, to measure professional performance.

Pettigrew and Fenton (2000: 3) define PSFs as knowledge-intensive organisations, "...having a high degree of customisation, relying almost exclusively on the discretionary effort and subjective interaction with the client". These authors focus mainly on the internalisation of PSFs, and they point out that due to the requirements of competitive forces, PSFs tend to concentrate on developing either markets or regions, in order to provide specialised services through a standardised delivery process (Pettigrew & Fenton, 2000).

Morris and Empson (1998) refer to 'codification of knowledge' as a way of standardising tasks, thereby enabling more delegation from senior to junior staff (generally known as leveraging). Firms without high leverage need to charge higher rates, and this also hinders junior staff development (Maister, 1993). Morris and Empson (1998) also refer to certain factors that might jeopardise the transfer of knowledge. One factor identified by Mintzberg (1989) is the lack of coordination between professionals. Mintzberg (1989) notes that innovative problem-solving requires inductive reasoning – that is the inference of the new general solution based on a particular experience. Therefore, since such inference differs from one individual to another, it leads to a lack of coordination and standardisation.

vi. Trust

Given the idiosyncrasy of the professional activity, and the intangibility of PSFs' assets (e.g. reputation and credibility) and services, building up relationships and networks as a basis for the creation of trust that will make interaction possible seems crucial. "These reputations are built up over time and are not replaceable or imitable in the market place" (Pettigrew & Fenton, 2000: 3).

Within the interaction between the PSF and its client-firm, opportunism may occur on both sides. In the finance literature, this challenge is defined as the 'double moral hazard', indicating that there is a hazard involved for the client in terms of the supplier cheating, and a similar hazard involved for the supplier in terms of the client cheating.

In the case of commercial banking, Paulin (2000) mentions that there needs to be a mutual agreement between the bank and the client as regards the responsibilities of each. "The client was to be transparent and honest with information, and the major responsibility of the bank was to provide professional services through the bank's network" (Paulin, 2000: 469).

Because of the intangibility of the PSF's output, client evaluation of their services is more complex. "Unlike tangible goods and even business-to-business services, professional services are often difficult to evaluate with confidence, even following purchase and consumption" (Sharma, 1999: 152). Thakor (2000) found that when services are thought to require expertise, to comprise credence qualities, to be heterogeneous, or to be critical, recommendations are considered important.

Thus, the relevance of 'trust-building' is directly related to the following factors: firstly, the intangible nature of the PSF's assets, such as 'reputation', 'professional knowledge' and 'professional competencies'. Secondly, the close interaction between professionals and client-firms' representatives requires trust-building. Moreover, the increasing demands for efficiency require fluid communication and excellent coordination among PSF members. Therefore internal trust-building is also a key issue. Thirdly, the professional's respect for the norms of the profession implies certain common ideas about how the job should be done. Fourth, 'information asymmetry' between professionals and client-firms' representatives might lead to professionals applying their discretionary judgement with unclear purposes, such as experimenting with new tools or selling solutions that are not actually necessary to solve the client's problem.

Finally, client-firms might require 'confidentiality' from the PSF; disregarding this issue could be fatal for the PSF's reputation, therefore trust-building with clients also implies managing confidentiality. Pettigrew and Fenton (2000) state that trust must be founded on the basis of most social and professional relationships. Trust is hard to build but easy to lose. They also note that reputation is critical in reducing behavioural uncertainty and that it provides the basis for the development of trust.

Pettigrew and Fenton (2000: 31) suggest that one current issue for PSFs is the shift from "a highly individualistic culture to a team-based one." Moreover, these authors also propose the development of strong ties among professionals as a way of reducing opportunism. Therefore, the role of organisational culture is extremely important as regards trust-building.

The following Table 5 shows the key characteristics of PSFs according to different authors.

Table 5: Key Characteristics mentioned by authors

Authors \ Key Characteristics	**Individual Professionals**	**Professional Competencies**	**Shared Power**	**Intangibility**	**Standardisation Customisation**	**Trust**
Lowendahl (2000)	X	X		X		
Bartol (1979)	X	X				
Bucher & Sterling (1969)	X		X			
Montagna (1968)	X		X			
Hall (1968)	X					
Scott (1965)	X					
Kerr, von Glinow & Schriesheim (1977)	X					
Hinings, Brown & Greenwood (1991)	X					
Friedson & Rhea (1965)	X					
Goode (1960)	X					
Hrebiniak & Alutto (1972)	X					
Empson (2000)	X	X		X		
Paulin (2000)		X				X
Pettigrew & Fenton (2000)		X		X	X	X
Maister (1993)		X		X	X	
Aharoni (1997)		X				
Liedtka, Haskins, Rosenblum & Weber (1997)		X				
Mintzberg (1989)		X	X		X	
Greenwood, Hinings & Brown (1990)			X			
Mills, Hall, Liedecker & Margulies (1983)			X	X		
Greenwood, Hinings & Brown (1994)			X			
Winch, & Schneider (1993)				X		
Larson (1977)				X		
Nachum (1999)				X		
Morris & Empson (1998)					X	
Sharma (1997)						X
Thakor (2000)						X
Bloom (1984)						X
Hill & Neeley (1988)						X
Hill & Motes (1995)						X

c) The evolution of the archetype concept of PSFs and its impact on their governance

As has already been mentioned, the specific characteristics of PSFs, such as shared power, the contribution of individual professionals, collegiality and intangibility, make the governance of these organisations a complex task with some particular features.

This study has chosen Business Schools (a type of PSF) as the specific organisational context for the study of the strategic leadership process. PSFs present certain key characteristics that are crucial in shaping Business Schools. In this regard, leadership within all PSFs will be dramatically influenced by their key characteristics.

Howard (1991) underlines the importance of leadership in PSFs by pointing out that it is the most critical factor in managing these kinds of organisations, whose authority structure is diffuse. He recognises the importance of management in PSFs, which are characteristically based on professionals who resist authority and are looking for independence and autonomy. Howard suggests that management is relevant, but leadership is crucial in these organisations. This is, firstly, because it seems that leadership as a social phenomenon is of special importance in PSFs, since they are organisations where the key resources are people, and whose main assets and services delivered are intangible.

Secondly, the leadership process may be challenged from inside, because of characteristics such as shared power and the spread of authority, due to collegiality, partnership and the influence of peer reference within professional organisations. Autonomy and the individual discretionary judgement of professionals mirror the fragmentation of the work, which is of an 'adhocratic' nature, because of its project-based nature. As Denis *et al.* (1996) point out, the ambiguity of authority in PSFs is due to the duality of power and collegiate or consensus-based decision-making, which makes collective leadership crucial, but at the same time, a difficult challenge for anyone running this type of organisation. There is also another challenge, from the internal context: to some extent, most of the professionals reject management responsibilities, which makes it even more difficult to find the right person to take charge of these tasks.

Thirdly, just as the outer context demands increasing customisation along with increasing competitiveness in a global and turbulent environment, a strong leadership process is necessary to provide strategic direction in making key decisions such as the definition of targets, in terms of both markets and clients, defining alliances at international and regional level, improving efficiency by establishing standards, managing knowledge, identifying critical competences, staffing, the use of information technology and the delivery of customised solutions to clients, among others.

As Pettigrew & Fenton (2000) point out in their study of the internationalisation of PSFs, changes such as the impact of globalisation and internationalisation influence these organisations in different ways. These are knowledge-based firms, which are especially sensitive to developments in information technology because of their need to capture and disseminate knowledge efficiently and effectively. Also PSFs, with their characteristic customisation and client supplier interaction, have been dramatically affected by the increase in the internationalisation of business. Finally, the two authors underline the crucial role of leadership in driving these processes of change and in accomplishing their vision.

It seems relevant to note that among the characteristics of PSFs as knowledge-based institutions, the three particularly related to the need for shared leadership are interdependence, creativity and complexity. As these three characteristics increase, the need for shared leadership also increases (Pearce, 2004). However, this study intends to move a step forward towards the study of leadership from the perspective of organisational theory, by interlocking leadership and strategy fields. It seems likely that observing strategic leadership as a process will enable an identification of the process of social influence in building and executing a strategic agenda that involves "consensus-based vision, clear goals and set priorities" (Lowendahl, 1997: 95).

Thus, the fact that PSFs have become so important in the current economic global context leads to the need for a broader and deeper understanding of the way in which these organisations work. In a comprehensive article which reviews the different archetypes of professional service firms, Brock (2006) observes that different forces for change, such as deregulation, competition, technology and globalisation, have challenged the scheme of PSFs over the last decades, and eventually delegitimated the existing organisational archetypes or configurations (Miller, 1996).

Greenwood and Hinings (1993: 1052) define the organisational archetype as "a set of structures and systems that reflects a single interpretive scheme". In effect, increasingly competitive markets have induced the classical model of 'professional partnership' and 'professional bureaucracies' to adopt more corporate and managerial modes of operation in search of increased efficiency.

Brock (2006) refers to different archetypes of PSFs. He identifies the *professional bureaucracy* (Mintzberg, 1989), where professionals seek collective control over administrative decisions that affect their operations; a decade later came the *professional partnership* (Greenwood *et al.*, 1990), with its P2 model which differs from other types of firms in two key aspects: first, professional partners not only own and govern the firm, but also manage it and provide the professional services; second, the primary task involves the application of expertise to complex problems which require a significant degree of discretion.

An evolution of the classical professional organisation took place between the 1960s and the 1990s. According to Brock (2006), power rests in the hands of professional experts, managers administer the facilities and support the professionals, decisions are made collegially, change is slow, and strategy is formulated consensually. There is little hierarchy and a relatively high degree of vertical and horizontal differentiation.

In observing some of the critical forces for change, Brock *et al.* (1999) and Greenwood and Lachman (1996) identify several external, environmental factors such as deregulation of professional markets and increased competition, financial constraints and cost pressures, changes in government policy, globalisation, the demands of international, increasingly sophisticated clients, and technological change. These have encouraged the emergence of rationalisation; the adoption of more efficient structures; and greater focus on business development and the marketing of professional services (Greenwood *et al.*, 2004).

Moreover, large professional bureaucracies such as hospitals and universities have also moved towards a corporate governance structure in order to clarify lines of accountability and improve management performance. In summary, a corporate governance system has emerged to replace the partnership model with a more business-oriented one.

In the same direction, technological developments and globalisation of services are pressuring the governance system of PSFs and driving a shift towards archetypal coherence and convergence and, some time in the future, one clearly dominant archetype should emerge. Moreover, professional service firms have evolved, becoming less distinctive when compared with for-profit business corporations. Increased segmentation of professional organisational fields may result in quite separate niches for strategic development that enable the ongoing coexistence of different types of professional organisations.

As HEI, business schools are "knowledge-producing institutions" (Bargh, Bocock, Scott & Smith, 2000: 2). Therefore, as in PSF, knowledge plays a key role. In this regard, the creation and transmission of knowledge by academics constitutes the essence of business schools. In the same way that knowledge and professionals are key assets to PSF, knowledge and academics are the main components of business schools.

2. 4. Strategic Leadership Process in Business Schools

This study has already observed that since the mid-1990s, the demand for business education has surged worldwide. In response to that demand, many business programmes and entire Business Schools have been established around the world (Hawawini, 2005). In the US alone, during the last decade, the number of Business Schools has grown to 750, and according to the Association of Advanced College Schools of Business (AACSB) records, the number of MBA graduates is continuing to grow.

The growth of UK Business Schools over the last few decades reflects their ability to meet a diverse range of *customer needs,* from undergraduate business studies degree programmes to postgraduate and professional programmes and in-company programmes. They train and develop millions of employees (Prince, 1999).

In the last 50 years, there has, globally, been increasing growth in the number of people with MBA degrees. In 2000, 100,000 Masters graduated in the US and 12,000 in Europe. According to the Graduate Management Admission Council (2004), in the US alone graduates holding Business Master's degrees were more than double the number of law and medical graduates combined, quite a notable achievement for a degree that provides at best a voluntary professional certification (Cabrera & Bowen, 2005). There has also been an increasing demand for MBA graduates in Southern Asia and in Latin America.

Some scholars feel that the MBA degree is perhaps the world's first global degree (Starkey & Tempest, 2001). This degree, offered by hundreds of accredited Business Schools worldwide, has become a *de facto* requirement for managerial positions in many corporations and professional service firms, and management is one of the most popular professional choices among college graduates (Cabrera & Bowen, 2005). In short, Business Schools have been one of the major success stories of higher education in the last hundred years, a central feature of the higher education map (Starkey & Tempest, 2001).

However, current environmental changes have shaken the foundations of higher education in general and Business Schools in particular (Stevens, 2000). Their multifaceted role as institutions engenders contradictory demands for both stability and adaptation. On the one hand, they are expected to function smoothly as repositories and disseminators of knowledge; on the other hand, to be creative, bold wellsprings of new practices since the share of population serviced by them has grown and the complexity of the required administration has increased (Harvey *et al.*, 2006).

There is, therefore, every reason to argue for the importance of strategic leadership in Business Schools in the world of today. Some scholars agree that leadership is the single most important issue facing management education in the 21st century. In leading Business Schools, change is a powerful influence that must be anticipated and managed (Stevens, 2000). It is only through success in developing and exercising leadership that Business Schools will be able to cope with the significant changes occurring in the social, political and economic environments (Cowens, 1998).

Thus, Business Schools have new choices to make, related to how they would like to serve the new, networked society: what students need to know at the point when they enter the marketplace, which Faculty really understands the importance of effective knowledge utilisation, what model of MBA programme to offer (Lorange, 2005).

More than ever before, the modern Business School needs to choose where to focus, in order to be able to play a more effective role in the modern knowledge-based society (Lorange, 2005). However, we may ask: "What type of strategy will take the modern Business School to the cutting edge, the forefront?" (Lorange, 2005: 787). It is through strategic agenda-building and executing that it will be able to set a clear direction and remain focused on it.

Strategic leadership has become critical for these institutions to develop a value creation proposition and not only survive but also prosper.

The critical importance of strategic leadership in Business Schools has been highlighted in various empirical studies (Trieschmann *et al.*, 2000; Morris, 2000; Segev *et al.*, 1999; Twomey & Twomey, 1998; Gore *et al.*, 1998; Beeby & Jones, 1997). However, none of these studies reveals how the SLP is operationalised and carried out. An understanding of the way the strategic leadership process operates in these institutions makes it possible to understand how they are facing up to the current demands of the business industry, and making strategic choices to enable them to respond to these demands.

Next, the study addresses the political perspective that has been chosen to approach the study of the strategic leadership process in Business Schools. It also describes the way in which a political approach is used to capture the dynamics and interrelations that take place within the strategic agenda-building and -executing over time.

3. A Political Perspective on the Study of the Strategic Leadership Process in Business Schools

3. 1. Different perspectives in studying organisations

In studying organisations, analysts usually focus on different *'metaphors'* or implicit images that lead them to see, understand and manage them in distinctive yet partial ways (Morgan, 1997). In this sense, when organisations are approached as machines they are regarded as *bureaucracies*, as if they were made up of interlocking parts where each plays a clearly defined role in the functioning of the whole.

Likewise, when organisations are approached as *organisms*, attention is focused on the way organisational *needs* and environmental *relations* are understood and managed; rather as if they belonged to different species. When organisations are viewed as *brains*, analysts draw their attention to the importance of information-processing, learning, and intelligence, providing a set of principles for creating *'learning organisations'*. In approaching organisations as *cultures*, analysts focus on *values*, *ideas*, *beliefs*, forms, rituals and other patterns of shared meaning that guide organisational life.

Finally, when the *political metaphor* is used, the focus is on the different sets of detailed factors such as *interests*, *conflicts*, and *power* that shape organisational activities. The political approach to the study of organisations can create powerful insights that also become distortions, so that the "way of seeing becomes a way of *not* seeing" (Morgan, 1977; Allison & Zelikow, 1999). However, given that the political approach enables us to visualise the 'underweaving' of social actions, it facilitates the understanding of power and influence processes.

3. 2. The study of organisations from a political perspective

Despite the amount of literature about political perspectives on organisations during the last decades, scholars have not yet agreed on the definition of the term 'political' (Douglas *et al.*, 2005). While some researchers give the concept a negative connotation (e.g. Mintzberg, 1983), perceiving only its "dark side" (Ferris & Kacmar, 1992: 113), others (e.g. Pettigrew, 1973, 1995, 1998; Ferris & Judge, 1991; Pfeffer, 1981), characterise it in a *neutral* to positive way, quite similar to the effective exercise of influence (Douglas *et al.*, 2005). However, in studying organisations from a political perspective, most authors agree to refer to the concept of power. Power is usually defined as "the extent to which individuals have the capacity to influence the processes and outcomes of decision-making in a relative and variable manner" (Kenny & Wilson, 1984: 410; Butler *et al.*, 1979; Hinings *et al.*, 1974).

Studies of *power* and *politics* in organisations have resulted in an independent stream of literature in organisation theory that conceptualises organisations in a different way: through a *political model* (Morgan, 1997; Pfeffer, 1981). The *political model* of conceptualising organisations regards them as *pluralistic* and divided into various sub-units which are wedded to their own *goals*, *interests* and *subcultures* (Baldridge, 1971). To Hickson *et al.*'s (1981) perspective, organisations are considered to be coalitions (Cyert & March, 1963) in which interests come and go, or are avoided, resulting in organisational activities removed from stated purposes (Pfeffer & Salancik, 1978).

Moreover, organisations as coalitions are settings in which groups and individuals with varying interests and preferences come together and engage in exchanges (Hickson *et al.*, 1981). This approach challenges the conventional *rational model*'s unitary view which states that organisations consist of well-structured, differentiated subsystems linked through a common goal (Varman & Bhatnagar, 1999). While the *rational model* assumes that decision-makers have knowledge of their alternatives and of the consequences of implementing those alternatives, the *political model* declares that real decision-makers often possess incomplete and imperfect information about alternatives and consequences (Simon, 1957, 1959; Hatch, 1997).

In this sense, the *rational model* ignores the internal politics of the organisational system; it disregards the fact that organisational decision-makers often confront conflicting goals and assumes, rather, that there is a consistent preference-ordering among key actors, and that decision rules are known and accepted by everyone concerned (Simon, 1957, 1959; Hatch, 1997). However, in attempting to live up to the ideal of the *rational model*, key parties seem to face the problem of *bounded rationality* (Simon, 1957, 1959; Hardy, 1988, 1992; Hatch, 1997) which implies that rationality is usually *constrained* by a set of limitations such as *imperfect* and *incomplete* information; complexity of problems; human information-processing capacity; time available for decision-making processes; and *conflicting preferences* for organisational goals (Hatch, 1997).

From an opposite point of view, the *political model* of organisations fundamentally assumes that *power* and *politics* are facts of life in organisations, and thus, are not issues that can be dispensed with easily or ignored (Bolman & Deal, 1991; Ferris & Judge, 1991). It enables us to visualise the *diversity* of *interests* that arises when people think differently and want to act differently, the *behind the scenes* of every scenario (Miller et al., 2001); it allows us, too, to trace *how* this *diversity* gives rise to "wheeling and dealing" (Morgan, 1997: 160), *negotiation*, and other processes of *coalition-building* and *mutual influence* among the actors involved within the organisational activity.

In fact, the exploration of the detailed processes by which people engage in *organisational politics* reveals that the *political model* facilitates the observation of the day-to-day *political dynamics* of organisations (Morgan, 1997). Thus, the *political model* is acknowledged as a significant tool in understanding organisational phenomena (Pfeffer, 1981). It allows understanding of *how organisational politics* arise as a result of the *tension* created by diversity of interests, which has to be resolved through *political means* (Morgan, 1997).

Organisational politics can be analysed in a practical and systematic way by focusing on relations between *interests*, *conflict* and *power* (Morgan, 1997). The term *interests* refers to those dispositions embracing goals, values, desires, expectations and other orientations and inclinations that lead a person to act in one way rather than another. In everyday life, people tend to consider *interests* as areas of concern that they wish to preserve or enlarge or as positions that they wish to protect or achieve (Morgan, 1997).

The control of strategic resources endows sub-units with power and such power facilitates a degree of influence by some individuals over organisational decision-making (Kenny & Wilson, 1984; Hickson *et al.*, 1971) according to particular interests. *Interests* usually vary according either to organisational sub-units created as a result of the division of work (Pettigrew, 1973) or to *'interest groups'* (Bacharach & Lawler, 1980) defined in terms of shared values and beliefs (Lucas, 1987). Each sub-unit or interest group develops its own differential *interests* based on specialised functions and responsibilities (Pettigrew, 1973) or on values and beliefs, and lays claim to *scarce organisational resources* according to such differential *interests*, by generating *demands* (Pettigrew, 1977).

Consequently, disparate interests and demands *compete* for organisational attention and resources (Ammeter *et al.*, 2002). As previously mentioned, the probability that any particular *demand* will be placed on the strategic agenda depends on the condition of three interactive factors at any one point in time: firstly, the *salience* of the demand (its perceived attributes); secondly, the *sponsorship* of the demand (its political formation; who presents and/or supports it) and thirdly, the *size* and *variety* of *dilemmas* (Pettigrew, 1977) *already on the agenda* (Dutton, 1986).

Even though specialisation of tasks makes sub-units in some degree independent, *competition* for *limited resources* forces them to *interdependence.* When such interdependence drives interests of sub-units to *collide*, *conflict* is likely to ensue (Pettigrew, 1973; Morgan, 1997). The natural reaction to *conflict* is to view it as a dysfunctional force that can be attributed to some regrettable set of circumstances or causes (Morgan, 1997). Whatever the reason, and whatever the form it takes, its source rests in the perceived or real *divergence* of interests and demands of various individuals and groups (Pettigrew, 1977; Morgan, 1997). *Interest groups* enter into *negotiations* which attempt to classify and accommodate sub-group interests into a structured equilibrium which is characteristic of the organisation as a whole at any one time (Lucas, 1987). The success of individual claimants in overcoming conflict and furthering their interests will depend on their *ability* to generate *support* for their demands (Pettigrew, 1973).

In trying to generate support for their demands and produce outcomes consonant with their interests, members of each sub-unit may well join other individuals with similar interests into temporary *coalitions* (Gamson, 1961), or perhaps carry out strategies of *coercion, bargaining, co-optation* and *manipulation*, engaging in *political* forms of *behaviour* (Burns, 1961; Pettigrew, 1973; Morgan, 1997). This behaviour seeks to *influence* others to produce desired, self-serving responses or outcomes (Ferris *et al.*, 1994). Moreover, political behaviour refers to the behaviour by individuals or sub-units within an organisation that aims to influence the different interests that result from the division of labour, distribution of scarce resources, diversity of values and beliefs, and different perspectives in order to produce intended results.

Strategic decision-making is highly influenced by political behaviour inside and outside the focal organisation. This was empirically demonstrated by Hickson *et al.* (1986), in their study of top decision-making processes in organisations. According to them, these processes are discontinuous, fragmented, kept under wraps by senior managers who do not inform others about them, or simply blocked in their implementation.

Thus, in trying to visualise the organisation as a 'political arena' (Mintzberg, 1983), we need to understand *how* demands are *generated* according to the different interests that result from diversity of functions and responsibilities within the organisation; *how* people *mobilise power* to gain *support* for those demands and produce desired outcomes, or to *block* others' demands, and *how conflicts* of *interest* are ultimately resolved. In this sense, *power* appears to become a *critical* concept in carrying out a political analysis within organisational settings. In other words, the *political perspective* in studying organisations revolves around the *use* of *power* to *influence* (Hardy, 1992) in trying to produce desired outcomes.

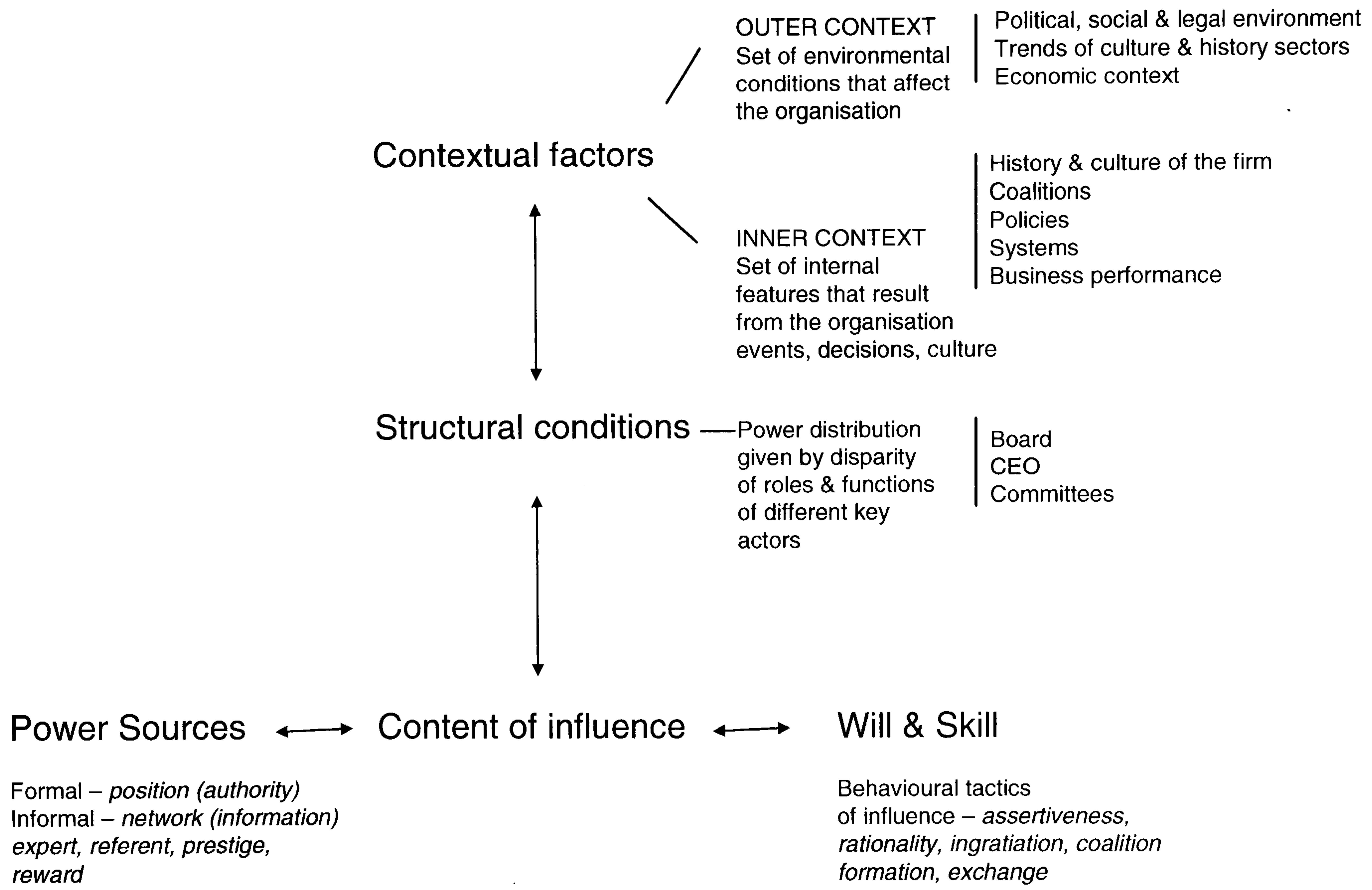
Power is one of the most contentious concepts in the social sciences today (Hardy & Clegg, 2006). It has received scant empirical attention because of the controversy and difficulty over its conceptual elaboration and operational definition (Pettigrew, 1973; Pfeffer, 2002). Although a *multitude* of definitions have been proposed for the concept of power, scholars mostly coincide in emphasising that power is not an attribute possessed by someone in isolation. Rather, it is a "relational phenomenon" (Pettigrew, 1995: 851) that appears to be generated, maintained and lost in the context of *relationship with others*. In this regard, Kenney and Wilson (1984: 410-11) assert that power is a "relative phenomenon amongst managers, the balance of which is likely to change given variable organisational conditions". This phenomenon *has* to be *exercised* to have an effect on outcomes (Hardy, 1992). It *influences* "who gets what, when and how" (Morgan, 1997: 170).

Moreover, *power* is a *relative* concept (Finkelstein, 1992) that can only be explained in a *particular context*; power is *context-specific* (Ammeter *et al.*, 2002): if it is displayed on one occasion, it may not be transferable to other settings. Key actors may have power during a particular period of time and in a precise situation, but such power may not last, since power distribution varies over time. Thus, since power is inherently *situational*, *dynamic* and potentially *unstable*, it has to be understood not only in its *political context* (Hardy, 1992) – i.e. power distribution throughout the organisation – nor only in its *historical* context (Pettigrew, 1995) – i.e. the period of time during which the power is observed. Other *contextual factors,* such as *key actors* and their particular *features*, values and *beliefs*, and *economic context,* among others, also facilitate the understanding of power. With this in mind, adopting a longitudinal approach for the study will enable us to understand how the SLP changes over time.

To sum up, in analysing the SLP in organisational settings from a political perspective, it seems relevant to consider *contextual factors* (*environmental conditions* determined by the outer context, such as the political, social and legal environments; trends in the culture and history of the sectors; economic context; and *features of the inner context* such as people, history and culture and the values of the firm; coalitions; policies; systems; business performance), *structural conditions* (power distribution triggered by the disparity of *roles* and *functions* of the different parties in the organisation, such as the Board, the CEO, Committees) and the influence of these on the SLP as well as the way they are in turn influenced by the SLP. The *contextual factors* (outer and inner contexts) and the *structural conditions* of the organisation decree the circumstances under which each key actor attains his or her own influence, which is constrained and limited by others' influence (content of influence). Key actors' *power sources* are *generated* and *restricted* by the setting but their power mobilisation depends on the *will and skill* of the various key actors in transforming *potential power* into *power in action.*

Thus, a *political analysis within organisational settings* entails the identification of different roles for the key actors (*structural conditions*) in a particular context (*outer and inner contexts*), an assessment of the nature (*power sources*) and extent of their power (*content of influence*), and the analysis of the strategies employed by these groups as they translate power into action (*power uses*) in the form of political behaviour (Pettigrew, 1995, 1998; Hardy, 1992). Figure 2 represents a diagram of the *political analysis of power* *in organisational settings*. It includes contextual factors, structural conditions, content of influence, and the sources and uses of power.

Figure 2: A Political perspective of organisations



Source: Pettigrew (1998)

In summary, the political perspective within a specific organisational context entails the identification of interests and demands that result from different functions and responsibilities, values and perspectives and scarce resources; how demands are generated and presented; how power is mobilised around demands to generate their support overcome conflict, and produce desired outcomes. The following section discusses the various ways of conducting a political analysis in organisations.

3. 3. Alternative ways of conducting a political analysis in organisations

The study of power in organisations offers a multitude of theories and approaches (Brass & Burkhardt, 1993). Although consideration of the subtle complexities leads to a more comprehensive overview of the phenomenon of power, the proliferation of conceptual subtleties has resulted in the fragmentation of empirical research (Astley & Sachdeva, 1984) into two streams of literature: *micro*- and *macro*-level views.

On the one hand, organisational *psychologists* take a *micro-level* view, and focus on the *behaviour* of individuals and on their ability to *use power*, suggesting that power is only present in its *use*. They investigate *bargaining techniques* and *political tactics* (Brass & Burkhardt, 1993). An example of this approach is Thompson's & Luthans' (1983: 75) comment that "power is manifested through behavioural actions". On the other hand, organisational *sociologists* take a *macro-level* view, and focus on the larger organisational *context*, the *structure* (both formal and informal) of the organisation, suggesting that *power* rests in the *potential*. They centre their attention on the *nature* of power, the *sources* and *bases of power* such as position (formal power) and network (informal power) (Brass & Burkhardt, 1993). An example of an author representing this approach is Pfeffer, (1981; 2002), who refers to *power* as authority or legitimate power, i.e. that of supervisors over their employees, although he recognises the relational aspect of power, which emphasises that *power* is "first of all a structural phenomenon" (Pfeffer, 2002: 305) created by the division of labour in each organisation.

However, even though some authors (e.g. Bacharach & Lawler, 1980) have emphasised the *distinction* between *potential* and *enactment*, others have argued that the two components cannot be separated. Structural bases of *potential to power* do not translate directly into *actual power*. Rather, *behaviour* transforms *structure* into *power* (Brass & Burkhardt, 1993). For example, Emerson (1972: 67) states: "...to have a power advantage is to use it"; Dahl (1957) equates power with influence and suggests that unused potential is not power; Mintzberg (1983) emphasises both *will and skill* and argues that the separation of potential from use is unrealistic.

In trying to maintain an analytical *balance* between the *structural* and *behavioural* forms of *power*, some scholars (e.g. Brass & Burkhardt, 1993) adopt a *social network* perspective (Krackhardt, 1990) and apply this structural focus at the *interpersonal* level of analysis. This perspective, often associated with Resource Dependency Theory (Emerson, 1962), views *power* as the *inverse of dependence* – that is, people in central network positions have greater

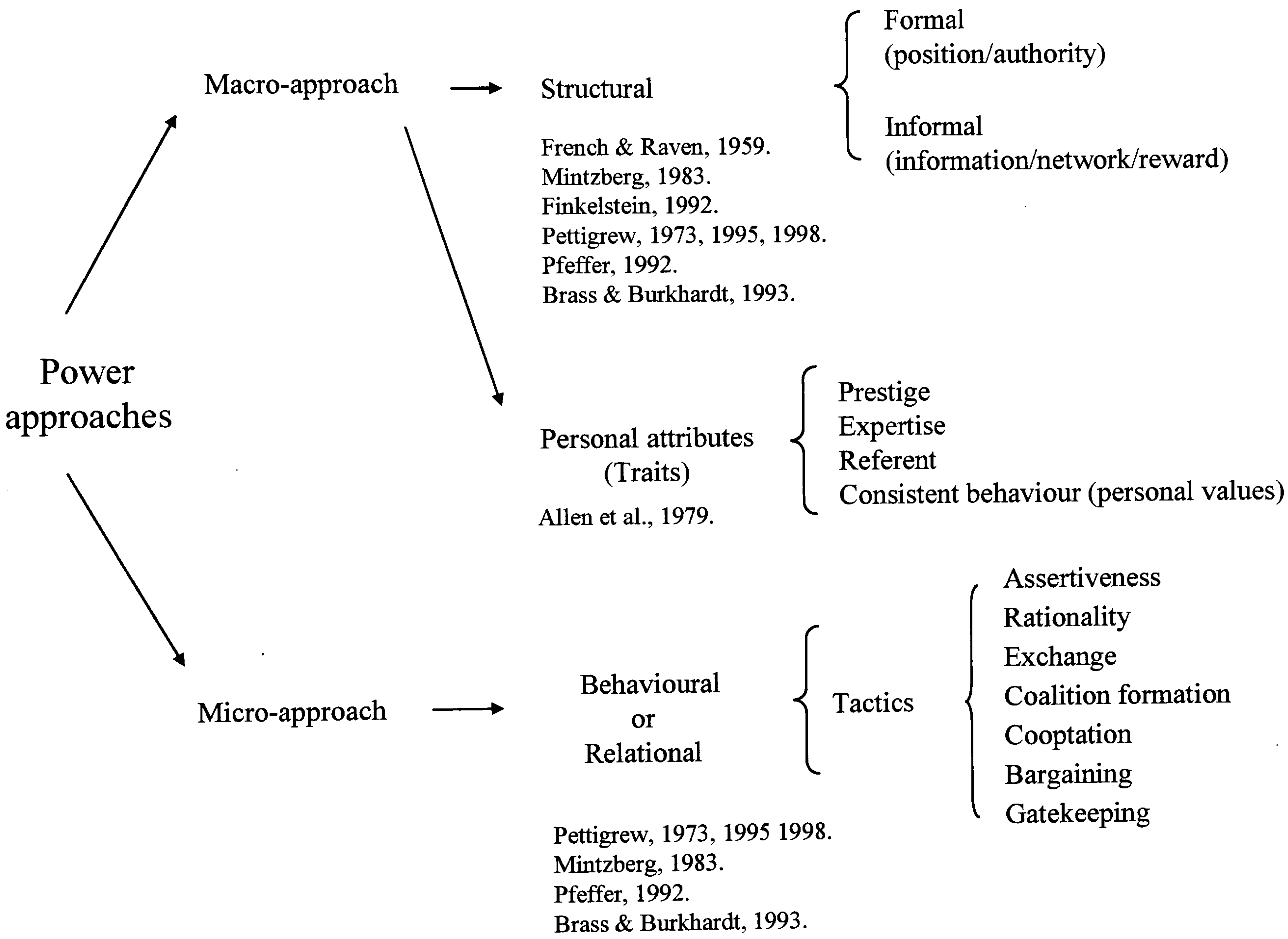
access to and potential ***control over*** relevant *resources* such as *information, persons* and *instrumentalities* in the organisation (Pettigrew, 1995, 1998; Brass & Burkhardt, 1993).

However, while *personal* behaviours and *strategies* (assertiveness, ingratiation, rationality, coalition formation, co-optation, and exchange, among others) may have an important effect on power acquisition, *structure* (position, network, reward) and *personal* sources, based on personal attributes of power (expertise, prestige, referent, among others), impose the ultimate constraints on the individual (Brass, 1984). Thus, in enacting power to attain different *interests*, individuals' *behaviours* are restricted by *structure*. This implies that people who are able to *control* relevant resources and thereby *increase* others' dependence on them are in a position to acquire power (Brass & Burkhardt, 1993).

Figure 3 synthesises the alternative ways in which scholars have approached the study of power in organisations. The *macro-approach* suggests that power is grounded in the *potential*; it refers to the *structural* or contextual and to the *personal* attributes of power within the organisation. In studying power, macro-level researches focus on power sources such as position, network, information and reward (structural aspects); and to the prestige, expertise, referent and consistent behaviour provided by personal values (personal aspects) (French & Raven, 1959; Finkelstein, 1992; Pfeffer, 1992).

The *micro-approach* considers the behavioural or relational aspect of power and refers to its *enactment*. Thus, in studying power, micro-level researchers focus on uses of power such as behavioural tactics: assertiveness, rationality, exchange, coalition formation, cooptation, bargaining and gatekeeping, among others.

Figure 3: Alternative Approaches to the Study of Power



Following Pettigrew (1973; 1998), Brass & Burkhardt (1993), Pettigrew & McNulty (1995) and Hardy (1992), this study approaches the analysis of power from a combined (macro/micro) perspective where *structural* and *behavioural* aspects of power are "intertwined" (Brass & Burkhardt, 1993: 466). This approach enables us to observe and understand how the interaction between structure (power sources) and behaviour (power uses) determines the power distribution throughout the organisation (Brass & Burkhardt, 1993) given that a "complete understanding of power in organisations requires an integration of both perspectives" (Brass & Burkhardt, 1993: 443). Figure 4 shows both macro- and micro-approaches to the study of power in organisations and how both treatments of *power* are regarded as *simultaneous* and *complementary* by a combined approach to the study of power in organisations.

Figure 4: Combined approach to the study of power in organisations

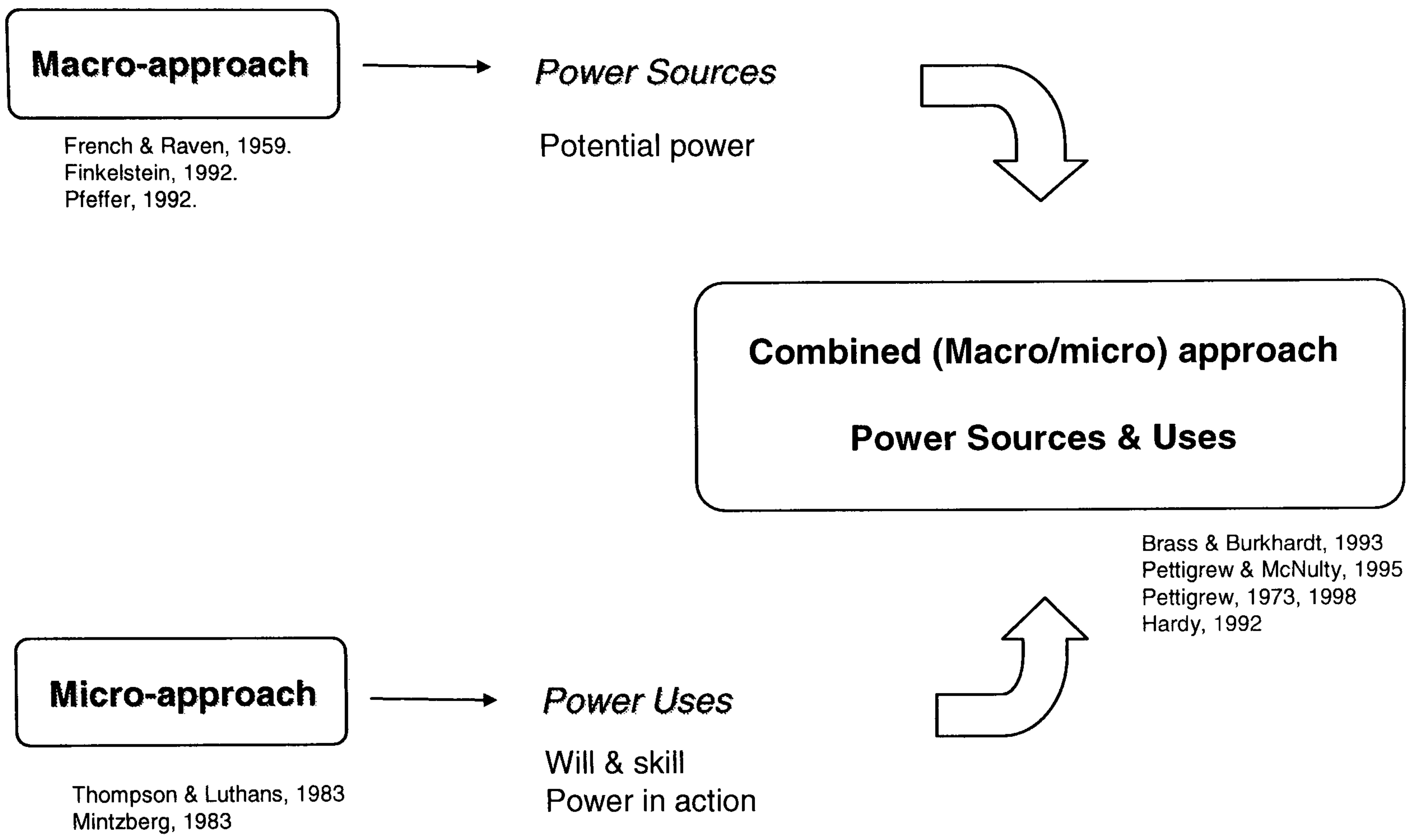
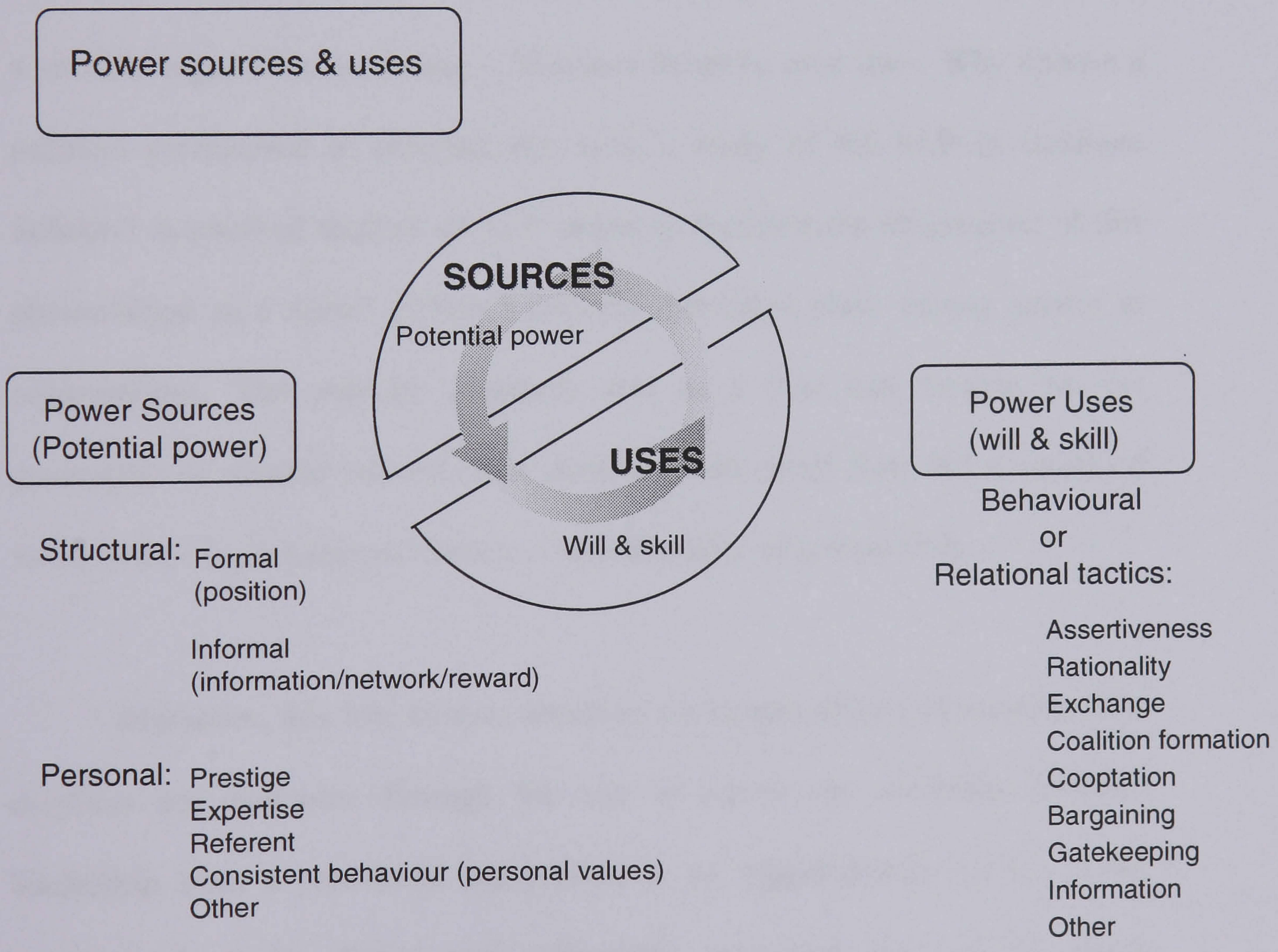


Figure 5 shows both sources and uses of power in organisations. 'Sources of power' refers to potential power (structural and personal); 'uses of power', to power in action or what Mintzberg (1983) has defined as *will and skill*. This study considers position, network, prestige, referent, expertise, and reward, among other aspects, as power **sources**. Behavioural tactics such as assertiveness, ingratiation, rationality, coalition formation, co-optation, bargaining, information control and exchange, among others, are considered as power **uses**.

Figure 5: Sources & Uses of Power in Organisations



To sum up, this research on SLP in Business Schools from a political perspective approaches the phenomenon by observing how people *display* power from different sources (structural and personal) and *use* power, in promoting and supporting their interests and demands, and how these compete with each other to be included in the strategic agenda and transformed into decisions which will eventually be implemented.

3. 4. A political analysis of the SLP in Business Schools

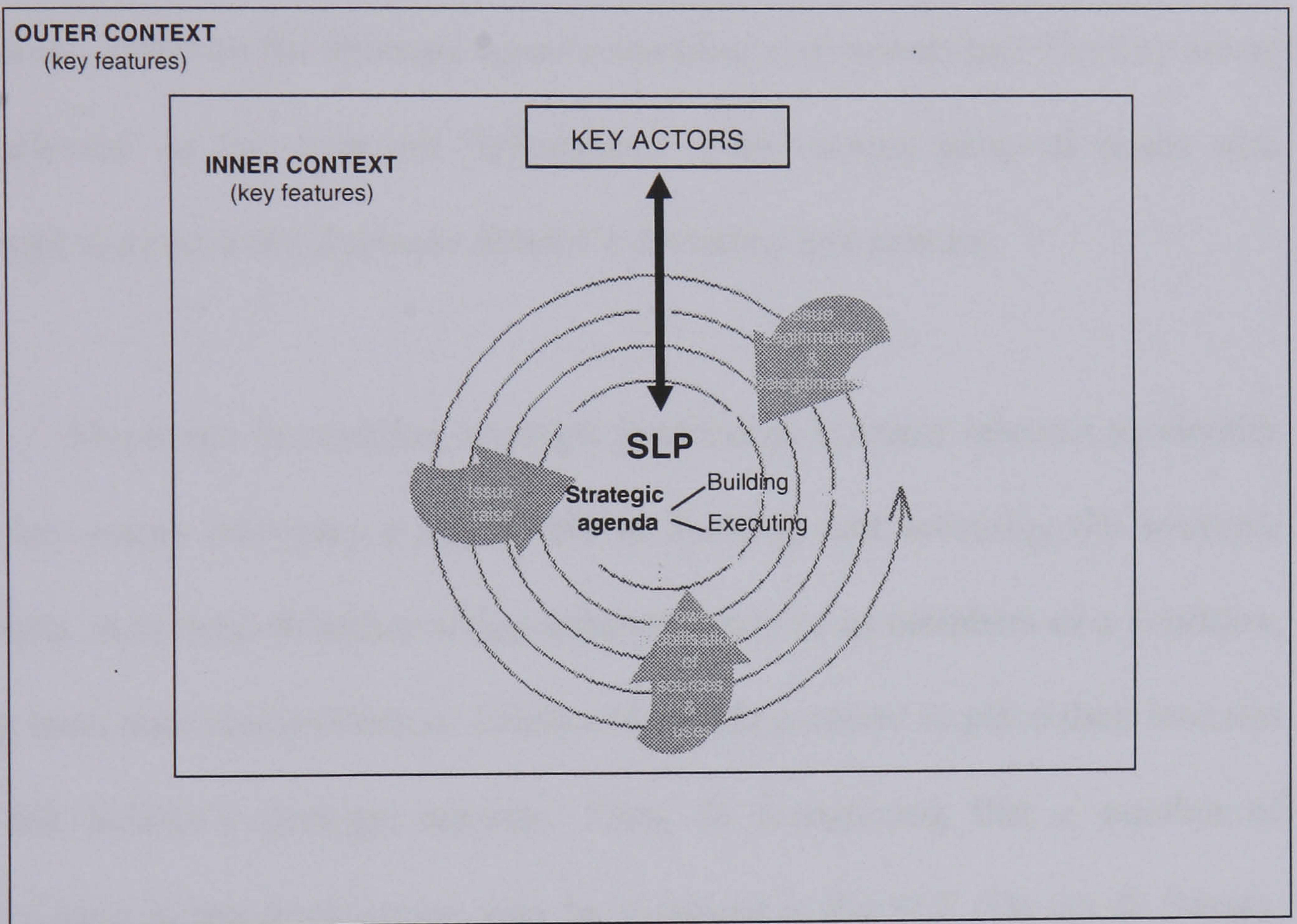
As we have noted, this study intends to fill the gap in the literature caused by the dearth of empirical studies on strategic leadership as a process in a specific organisational setting – Business Schools, over time. Why choose a political perspective in carrying out such a study of the SLP in Business Schools? A political analysis of SLP seems to facilitate the observation of this phenomenon as a *social influence process* that takes place among parties in organisations. The political approach acts as a *lens* that focuses on the generation of diverse *interests* and *demands* that result from the division of work, scarce organisational resources, and disparity of perspectives.

Moreover, this lens centres attention on human action; in essence, how *conflicts* are overcome through the use of *power*. In observing strategic leadership from a processual perspective in an organisational setting where power tends to be shared and collegiality permeates the way in which academics tend to relate to each other, the political analysis brings into sharp focus issues of power mobilisation (of sources and uses) in building and executing the strategic agenda over time.

Even though leadership studies in the past decades have developed different perspectives on antecedents, processes and outcomes, it looks as if they may have neglected potentially important variables that could shed light on leadership dynamics (Ammeter *et al.*, 2002). For this reason, scholars are calling for theoretical and empirical investigation of leadership from a political perspective. They draw attention to the way in which perceived deficiencies regarding important variables like context, leader style, and alternative leadership constituencies indicate that "a new conceptual framework may be needed" (Ammeter *et al.*, 2002: 753). In addition, given that power and influence processes in organisations have been studied by social psychologists, some authors find it extraordinary that there is no theory of political leadership in complex organisations (House & Aditya 1997).

In operationalising the study of the SLP in Business Schools from a political perspective, it seems relevant to identify the 'aspects' to be considered and analysed: key actors, main generic interests, characterisation of key actors and features of both inner and outer contexts. Figure 6 shows how the SLP (strategic agenda-building and -executing) operates from a political viewpoint – i.e. key actors exert influence through power mobilisation in order to prioritise and legitimate some issues, or to de-legitimate others. Thus, the study aims to identify *how* different key actors build and use power to influence strategic agenda-building and -executing, over time; and, in addition, *how* both inner and outer contexts (their key features) both shape and are shaped by the SLP, over time.

Figure 6: A Political perspective on Strategic Leadership in Business Schools, over time



a) Focus on Key Actors

Few studies of organisations from the political perspective intend to identify the key actors that mobilise power to solve conflicts raised, due to diversity of interests. Rather, scholars mostly focus on *interests, conflict* and *power* (Morgan, 1997). Among those that suggest a focus on key actors, Krackhardt (1990) proposes that to assess a political landscape in an organisation, researchers should identify the *key political actors*: *who plays?* That is, *whose* interests and actions have an important effect (Allison & Zelikow, 1999) on the strategic agenda-building and -executing? The key actors or 'players' in this case are 'influencers' with varying personal needs who attempt to control the Business School's decisions and actions.

Moreover, in studying strategic leadership, it seems relevant to identify the key actors who play a major *role* in *building* and *executing the strategic agenda*, over time. Whether acting autonomously or as members of a *coalition*, they latch onto issues (Dutton, 1986) and mobilise power to place their interests on the School's strategic agenda. Thus, in recognising that a number of individuals in the organisation may be involved in the SLP (Davies & Davies, 2004) rather than just one, this study views the SLP as a *collective phenomenon* to which different individuals can contribute in different ways (Denis *et al.*, 2001).

It is true that certain scholars have previously stressed the need to examine leadership as a 'team' phenomenon rather than as the attribute of one person (Pettigrew, 1992; Hosking, 1998), stating that in non-hierarchical organisations, leadership is a necessary collective phenomenon (Denis *et* *al.*,2001). In this regard, Eisenhardt (1989) and Finkelstein & Hambrick (1996) focused on *top management teams*, and Denis *et al.* (2001, 1996) focused on settings (professional service firms, hospitals in particular) in which the structural demands for *collective strategic leadership* were strong.

In reviewing the literature on higher education institutions and Business Schools, other researchers (Lorange, 2002; Bargh *et al.*, 2000; Ramsden, 1998; Middlehurst, 1993; Hardy, 1992) have referred to various key actors: the Dean, the central administration, the Senate, the Board, the Faculty and the staff, among others. However, in essaying a political analysis of the SLP in Business Schools over time, this study refers only to those key actors who have the greatest influence on strategic agenda-building and -executing, over time.

Accordingly, three key actors have been identified: the *Dean*, the *Board* and the *Faculty*. The *Dean* and the *Board* stand at the strategic apex of the School and therefore, their role consists in being in charge of making decisions that impact the whole organisation, since they constitute its *formal* authority. The *Faculty* contributes to the shaping of the School's strategic agenda-building and -executing because of the particular idiosyncrasies of the setting. Key actors exert influence on the strategic agenda-building and -executing of the Business School in the same way that professionals enjoy substantive influence in any professional service firm (e.g. the previously mentioned consulting firms, hospitals, and so on).

Thus, the study will focus on the Dean, the Board and the Faculty. However, political analysis of the SLP enacted by these three actors implies a focus not only on them, but also on those interests that propel them to mobilise power in building and executing the strategic agenda, over time.

b) Key actors' main generic interests

Individuals think differently and want to act differently. Alone or in groups, they struggle to define and to accomplish their interests, which result from the division of labour and – in the case of universities and therefore Business Schools – from the loosely coupled nature of such organisations (Hardy, 1992). As they compete for their interests, they come into conflict with other individuals and groups (Lucas, 1987). Accordingly, the choice between alternative paths of action usually hinges on the power relations among the actors involved.

The political analysis focuses on *how divergent interests* give rise to conflicts, visible and invisible, that are resolved or perpetuated by various kinds of power play (Morgan, 1997). Thus, individuals within the leadership constellation act in a manner which they perceive to be likely to further their interests.

Yet this study is not concerned with identifying every interest of every key actor, but only those interests specific to his/her role, no matter *who* the key actor is or under *what* contextual circumstances he/she acts; these are *generic interests,* that is, *they are* applicable to an entire class or group that is differentiated from other groups. And among key actors' *generic interests*, the study focuses on the *main* ones – i.e. those that are most important because they affect the School's strategic agenda-building and -executing, over time. Table 6 describes each of the key actors' main generic interests and what each interest refers to:

Table 6: Key actors' main generic interests

Key actors	Main generic interests
Board	*Governance*: responsibilities regarding the management of the School *Performance*: School's revenues and profits *Reputation*: School's status in the management education market
Dean	*Strategic agenda-building and -executing*: a long-term perspective of the SLP *Faculty and Board support*: approval to legitimate own decisions *Performance*: School's revenues and profits
Faculty	*Collegial participation in key decisions*: shared power *Career*: long-term perspective of their profession *Fair work and compensation systems*: transparency in workload and fair reward

These interests prevail over time and their content and their prioritisation vary according to the key actors' characteristics and the influence of contextual features.

c) Key actors' prioritisation of main generic interests

Even though generic interests are always present in each of the key actors' agendas, the prioritisation of some of them over others is usually affected by the environmental conditions under which key actors interplay. So, in times of economic crisis, it seems reasonable for the Dean to prioritise the School's performance over strategic agenda-building and -executing. Or, for example, in situations where the Dean is emphasising strategic decision-making, it is quite logical that the Faculty should prioritise its need to participate in the School's strategic agenda-building and -executing.

Thus, the different contextual features influence the preferences of each key actor. However, prioritisation of main generic interests does not solely depend on the situation. There are personal characteristics –such as background, leadership style, skills and values– that affect key actors' prioritisation of some interests over others.

In an attempt to understand how the managing of implementation may influence eventual success, Hickson *et al.*. (2003) draw 55 cases from the Bradford Studies (a large-scale UK study of decision-making). They conclude: "...priority emphasises an unimpeded trajectory for implementation. If other priorities should divert managerial attention then, equally, success is much less likely" (2003: 1812). Results suggest that "priority is associated with achievement, which may influence success" (2003: 1814).

d) Characterisation of key actors

Just as key actors have generic interests that depend on their role, they also have *specific* interests according to their personal characteristics and the contextual circumstances in which they interplay. In addressing the characterisation of key actors, the study focuses on different features that to some extent constrain each of the key actors' interests and eventually mould the School's strategic agenda-building and -executing, over time.

In this study, each key actor's main generic interests vary according to the role he/she plays. Accordingly, the *Dean* is characterised by his *background, leadership style*, *skills* and *values.* The *Board* is characterised by its *background* and the *role of the Chairman.* Finally, the Faculty is characterised by its *background* and *fragmentation.*

Background describes the set of initial circumstances that affects each of the key actors' personal characteristics, and that, over time, conditions their action. For example, their career (managerial, academic or entrepreneurial), degrees attained, universities attended, their year of arrival at IMD, etc.

Leadership style refers to the way in which the leader secures the compliance of others (Mehta *et al.*, 2003); how the leader's consistent patterns of exhibited behaviour are perceived by others when he/she is attempting to influence people's activities (Hersey & Blanchard, 1982). The literature includes different classifications of leadership styles. This study observes the leadership styles of the various Deans from the perspective of the classification suggested by Bass (1990) since it fits the setting (see Table 7). However, it seems relevant to declare that the study does not intend to stick to any of the two typologies suggested by Bass's (1990) classification. Rather, it describes each leadership style according to its inclination towards any of the typologies. Thus, leadership style typologies are taken simply as a starting point in this analysis. In addition, the classification is limited to the period under study (and does not imply that the style is maintained over time).

Table 7: Dean's Leadership Style

Leadership Style	*Definition*
Directive	• Leader plays the *active role* in problem-solving and decision-making. • Leader expects group members to be guided by his/her decisions. • Leader can try to use *persuasion, reason* and *logic.* • Leader can *assert* an *expectation* or need and offer *rewards* or exert *pressure* to gain acceptance. • Leader can generate charismatic *identification* to motivate and build commitment. • Leader can try partial disengagement by backing away from time-consuming issues with a lower priority and by concentrating colleagues' attention on more important issues.
Participative	• Is cooperative & democratic. • Involves others in decision-making process. • Draws people out, listening actively and carefully, and gaining acceptance.

Source: Bass, 1990.

Besides observing the leadership style of the Dean, the study also focuses on his/her *skills* and *values*. *Skills and competences* refer to the abilities of the actor, his key set of competencies for effective leadership (Douglas *et al.*, 2005; Ahearn *et al.*, 2004), and *values* play a primary role in determining behaviours.

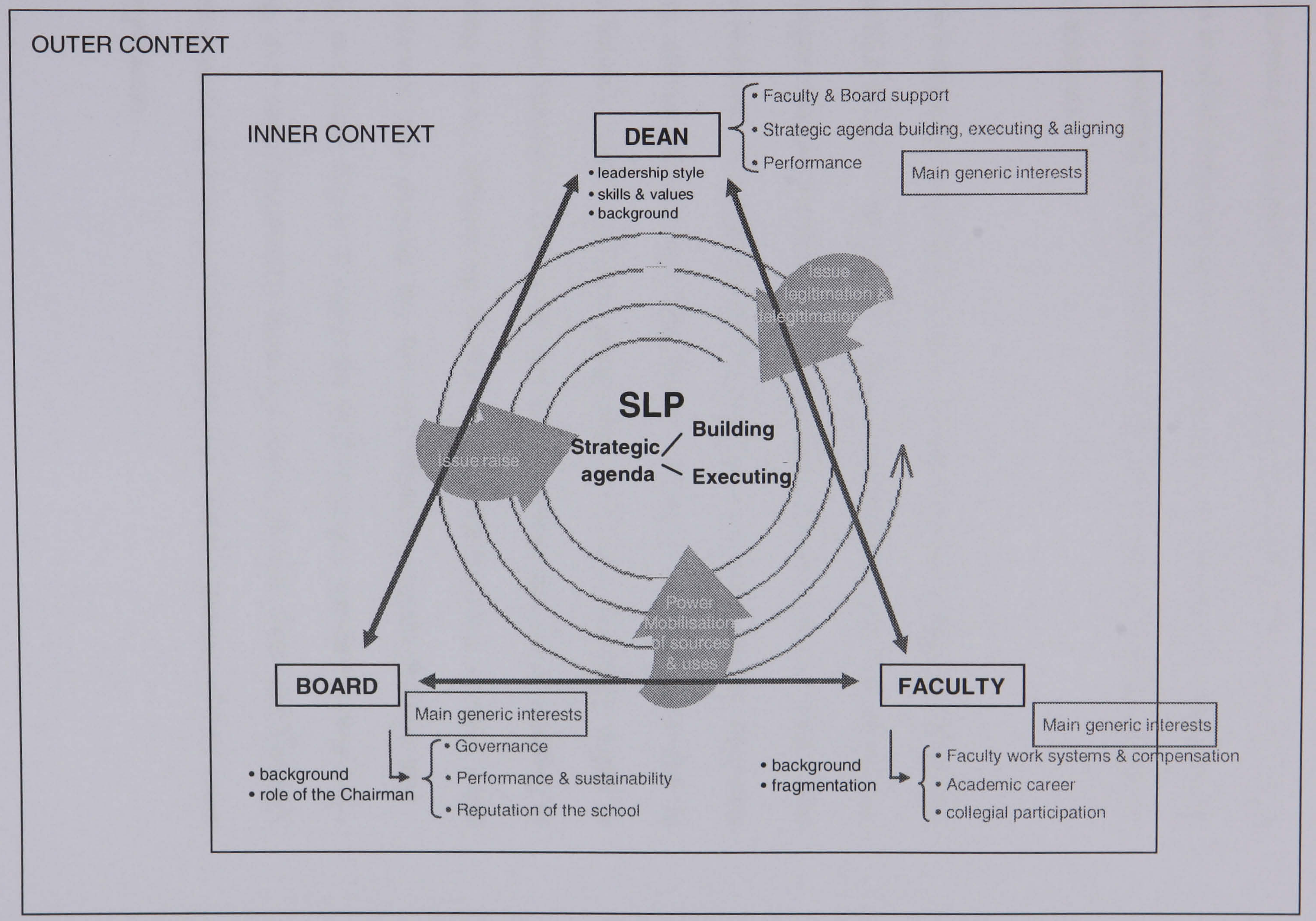
As for the characterisation of the Board, the study focuses firstly on its *background.* It intends thereby to identify the professional/executive career development of its members – whether they be businessmen, CEOs, or something else, and their nationality. In addition, the study also observes the role of the Chairman – whether he plays a more comprehensive role, in order to achieve higher involvement of the Board in the Business School, or ensures only that it fulfils its tasks.

Similarly, in characterising the Faculty, the study also identifies its *background.* Accordingly, it focuses on the careers (professional as well as academic) pursued by its members, the degrees they have attained, universities attended, their year of arrival at the School, values and orientation (teaching- or research-oriented, etc.). In addition, the study also observes the Faculty's *fragmentation* – i.e. divisions among members that occur because of particular circumstances related to the history of the Business School. Table 8 depicts the SLP (strategic agenda-building and -executing, over time) operated by three key actors (Board, Dean and Faculty), the main generic interests of these three and their characterisation:

Table 8: Characterisation of each key actor

Key actor	**Characterisation**
Dean	Background
	Leadership style
	Skills
	Values
Board	Background
	Role of the Chairman
Faculty	Background
	Fragmentation
Key actor	**Characteristics**
Dean	Background
	Leadership style
	Skills
	Values
Board	Background
	Role of the Chairman
Faculty	Background
	Fragmentation

Figure 7: Key actors' MGI prioritisation and characterisation

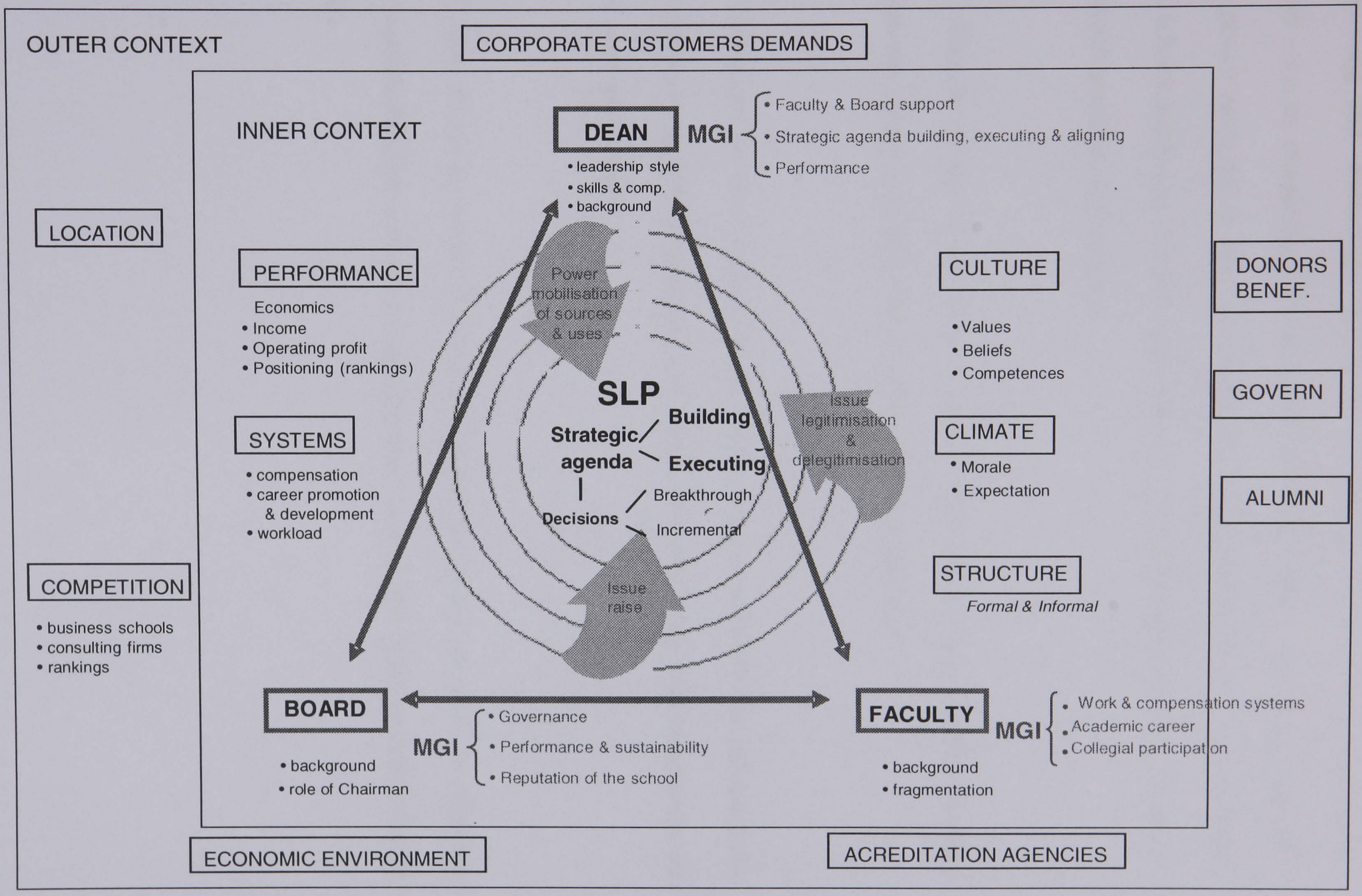


e) Features of the inner and outer contexts

Key actors' prioritisation of main generic interests is influenced not only by their personal characteristics, but is also affected by the environmental conditions in which they participate and interplay. Moreover, the environmental conditions themselves are also influenced by key actors as they try to pursue their own interests.

Environmental conditions refer to the inner context of the School within which the SLP occurs – the School's formal and informal structure, its culture, organisational climate, systems and performance; and the outer context – the School's location, its competition, the economic environment, its corporate customers, alumni, donors and benefactors. Thus, in observing the SLP in Business Schools from a political perspective, over time, the study hopes to identify those features of both inner and outer contexts that act as enabling or constraining forces, influencing the key actors' prioritisation of their main generic interests and shaping the School's strategic agenda-building and -executing, over time. Figure 8 shows the SLP (strategic agenda-building and -executing, over time) enacted by three key actors (Board, Dean and Faculty), their main generic interests and characterisation, and the features of both inner and outer contexts.

Figure 8: Features of the Outer & Inner Contexts



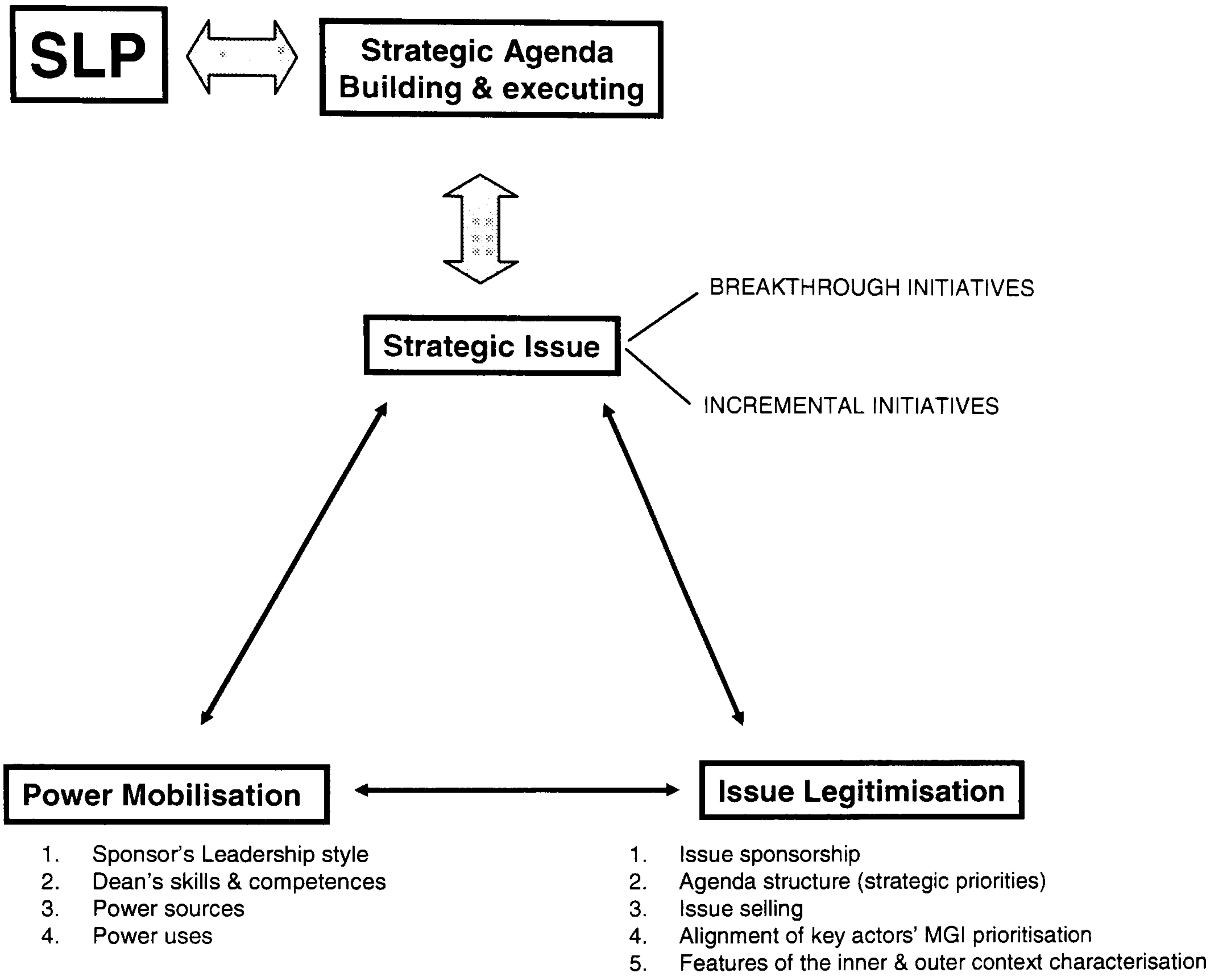
To sum up, the study intends to describe and analyse the SLP (strategic agenda-building and -executing) over time, in Business Schools from a political perspective – i.e. by examining how key actors prioritise issues, legitimate them, and mobilise power according to their main generic interest prioritisation, both in each Business School and across the three Schools, over time (see Figure 9). The following three research questions will guide us:

1. Who are the key actors? How do they interplay in exerting influence to shape and execute the strategic agenda while raising their own interests?

2. What are the main features of the inner and outer contexts that influence the School's strategic agenda-building and -executing over time? What kind of influence do they have, and upon what?

3. How do the key actors mobilise (build and use) power in order to influence strategic agenda-building and -executing over time, according to their prioritisation of interests?

Figure 9: Analytical Framework for the political study of the SLP over time



Chapter III: RESEARCH STRATEGY AND METHODOLOGY

1. Introduction

This chapter aims to clarify the epistemological underpinnings of this study on the strategic leadership process (SLP) in Business Schools from a political perspective, over time. Given the breadth of the research questions presented at the end of the foregoing chapter, the analysis demands different perspectives to achieve a deeper understanding. Accordingly, both holistic and contextualist approaches are set up to visualise the interaction of social actors in context and as theory of method. Finally, as this study is focused on Business Schools, different theories of organisations in relation to leadership will be tackled, so as to identify and understand the patterns of behaviour of the institutions under study.

2. Epistemological Underpinnings

Of the many models that have attempted to define paradigms in social and organisational theory, the one developed by Burrell & Morgan (2001) has attracted the most attention (Hassard, 1991; Morgan, 1990). Taking together as standpoints two distinct dimensions (i.e. assumptions about the nature of social science and assumptions about the nature of society), these authors define four paradigms for organisational analysis by intersecting subject—object debates in the theory of social science with consensus—conflict debates in the theory of society.

The four paradigms produced are the *functionalist* (objective, regulation), *interpretive* (subjective, regulation), *radical humanist* (subjective, radical change) and *radical structuralist* (objective, radical change). To be located within a particular paradigm is to view the world in a particular way (Burrell & Morgan, 2001, 1979; Gioia & Pitre, 1990; Willmott, 1993). These paradigms or general perspectives are ways of thinking that reflect fundamental beliefs and assumptions about the nature of organisations (Kuhn, 1970).

Unlike other authors (e.g. Giddens, 1979; Gioia & Pitre, 1990), Burrell & Morgan (1979) stress that the four paradigms (*functionalist*, *interpretive*, *radical humanist* and *radical structuralist*) are alternative (in the sense that one *can* operate in different paradigms sequentially over time) but mutually exclusive (in the sense that one cannot operate in more than one paradigm at any given point in time) since if one accepts the assumptions of one, the assumptions of all the others are rejected.

2. 1. Multiparadigm perspective

Traditional approaches to theory-building in organisational study have enabled scholars and others to formulate propositions about organisations and how to understand them within a given paradigm (Kuhn, 1970). In this regard, even though these different paradigms make important contributions to theory-building, these contributions are nonetheless incomplete (Gioia & Pitre, 1990). The problem rests on the fact that the use of any single research paradigm produces too narrow a view to reflect the multifaceted nature of organisational reality (Burrell & Morgan, 1979; Gioia & Pitre, 1990).

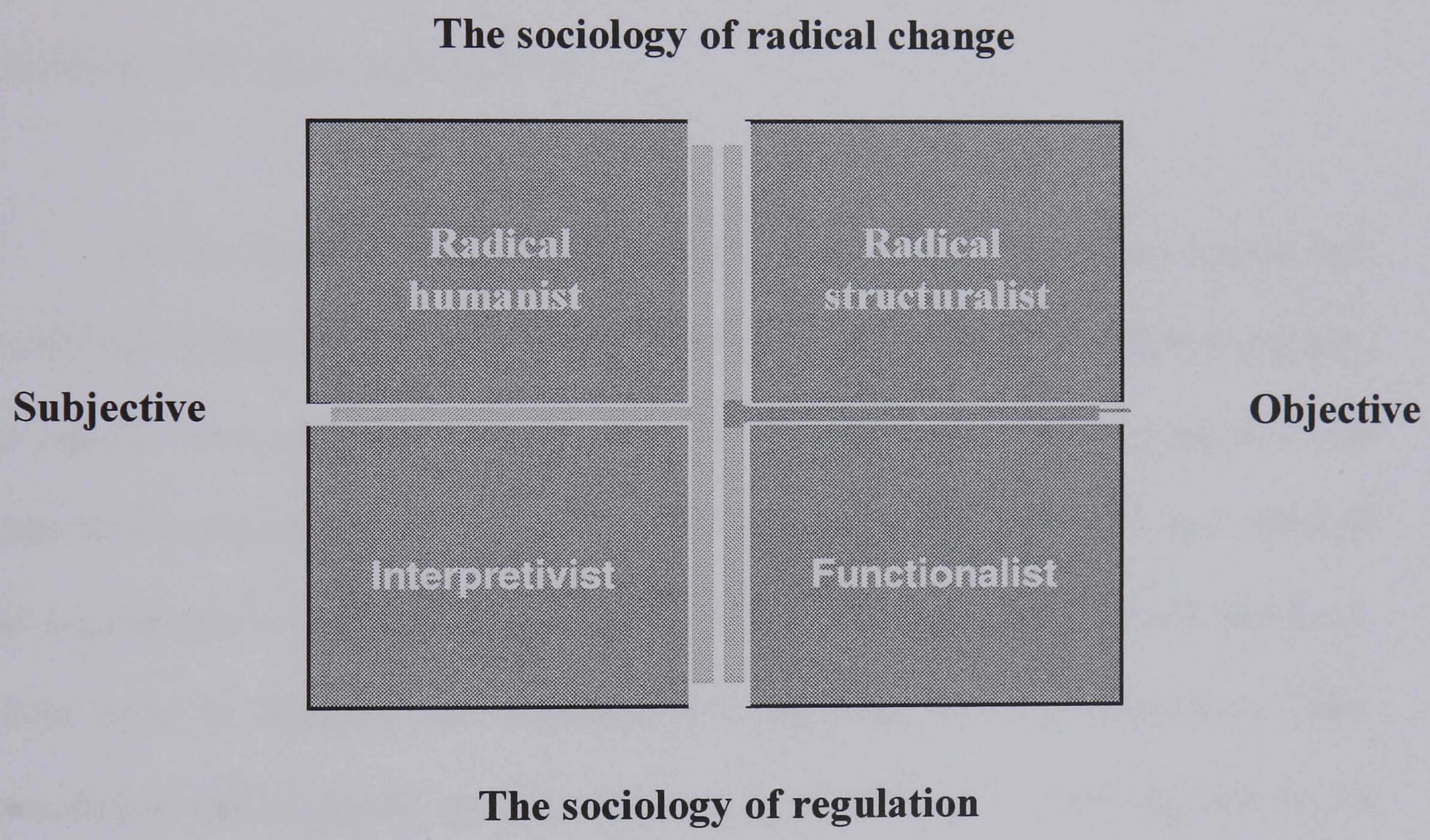
As a result, scholars in organisation theory are involved in a debate over the distinctive contributions of knowledge and to knowledge that arise from different philosophical views and conceptual paradigms (Gioia & Pitre, 1990; Astley & Van de Ven, 1983; Burrell & Morgan, 1979). Some of them argue that paradigms present boundaries that are permeable; they tend to be ill-defined and blurred so that it may appear difficult to establish exactly where one paradigm leaves off and another begins. For example, Gioia & Pitre, (1990: 595) assert: "paradigms are not completely incommensurable". Boundaries between paradigms are more usefully conceived as *transition zones*.

In order to amend any attempt to force-fit one theory-building technique as a 'universal approach', Gioia & Pitre (1990) suggest a *multiparadigm perspective*, thus constructing an organisational science that is not only eclectic, but also original. This perspective allows a more comprehensive consideration of organisational phenomena and generates more complete knowledge (Gioia & Pitre, 1990). Moreover, it offers the possibility of creating fresh insights because these start from diverse assumptions. Therefore, it taps into a number of facets of organisational phenomena and produces markedly different and uniquely informative theoretical views of the events under study (Gioia & Pitre, 1990).

The *multiparadigm approach* can generate more complete knowledge than can any single paradigmatic perspective. It offers the potential contribution ***of*** theory when applied to theory-building within any given paradigm; and a contribution ***to*** theory because it fosters an awareness of multiple approaches to the theory-building process, with the consequent potential of constructing alternative theories about the nature of organisational phenomena (Gioia & Pitre, 1990).

Figure 10 represents the multiparadigm perspective – i.e. the epistemological underpinnings of this study. Boundaries cannot be identified within transition zones, where they are blurred. The shadows at the borderline between paradigms correspond to their permeability.

Figure 10: Multiparadigm perspectives on theory-building



Source: Burrell & Morgan (2001; 1979), Gioia & Pittre, (1990)

The above figure exemplifies the opinion of certain scholars that paradigms are not completely incommensurable: there are ways of understanding important facets of one paradigm in terms of another by focusing on the transition zones. It seems relevant to state that despite the possibilities for bridging across blurred boundaries, the permeability of paradigms is confined essentially to the transition zones themselves (Gioia & Pittre, 1990).

This political analysis of the strategic leadership process in Business Schools, over time, adopts a multiparadigm perspective with the purpose of achieving a more comprehensive consideration of the phenomena and generating more complete knowledge. Since this kind of analysis aims to overlap both *functionalist* and *interpretive paradigms*, bridging the transition zone across these paradigms is facilitated by employing 'second-order concepts' (Van Maanen, 1979), i.e. explanatory constructs used to describe dimensions of scientific understanding (Gioia & Pitre, 1990). The bridge between these two paradigms – which share a concern with the maintenance of social order – falls under the rubric of *Structurationism* (Giddens, 1979; Gioia & Pitre, 1990).

Structuration theorists focus on connections between human action and established organisational structures. Proponents of this theory do not treat structuring as separate from structures. They consider social construction processes together with objective characteristics of the social world. Moreover, they recognise that although an organisation's members use generative rules to produce organisational structures, these serve to influence and constrain the structuring activities themselves. Thus, structuring and structures are placed on an equal footing by showing how social structures emerge from structuring activities and become external and influential on subsequent structuring processes. Since structure is conceived simultaneously as "a flow of ongoing action and as a set of institutionalised traditions of forms that reflect and constrain that action" (Barley, 1986: 80), it is both the medium and the outcome of interactions (Giddens, 1979).

Structuration serves as a means to bridge a gap between subjectivist and objectivist views of related notions covering the *interpretive—functionalist* transition zones. Consequently, structuring and structure are not seen as exclusive concepts simply because they reside in different paradigms. Structuration resolves an apparent paradox between action and structure (Poole & Van de Ven, 1989), two combined concepts.

2. 2. Implications of Structurationsim in this Study

Making use of *structurationism* implies that elements of both *interpretive* and *functionalist* paradigms are used together in carrying out the research. Aligning oneself with a mixed epistemological stance such as *structurationism* raises important issues regarding suitable methodology and consequently research design choice (Hatum, 2002). For example, this research strategy is *iterative* (Bryman, 2001) since it involves a weaving back and forth between data and theory and thus, it is both inductive (subjective dimension and thus, *interpretive*) and deductive (objective dimension and thus, *functionalist*). Deduction is carried out in operationalising the SLP through its two main elements that result from the literature review – i.e. strategic agenda-building and strategic agenda-executing. Induction enables us to reach conclusions from different findings in analysing not only the sequence of events, but their interconnections and interrelations, over time.

Both quantitative and qualitative research methods are used in collecting data. Within quantitative research methods, the study carries out content analysis of semi-structured interviews and coding of the transcripts of these. This technique facilitates the building of matrices to evaluate data. Qualitative research methods such as case studies provide us with a thorough examination of the strategic leadership process in each Business School, over time. However, the combination of both quantitative and qualitative research methods enables the analyst to carry out a more accurate analysis, since validity is guaranteed.

Thus, given the broad research questions that have already been outlined in the previous chapter, it seems impossible that just one single method will satisfy all requirements. A holistic approach is necessary also to show the interaction of social actors in their context as another element derived from the epistemological standpoint of this research (Giddens, 1979, 1984). Moreover, the theory of method informing this research is contextualism (Pepper, 1942; Pettigrew, 1985, 1987, 1990, 2001). This is tackled next.

2. 3. Contextualism

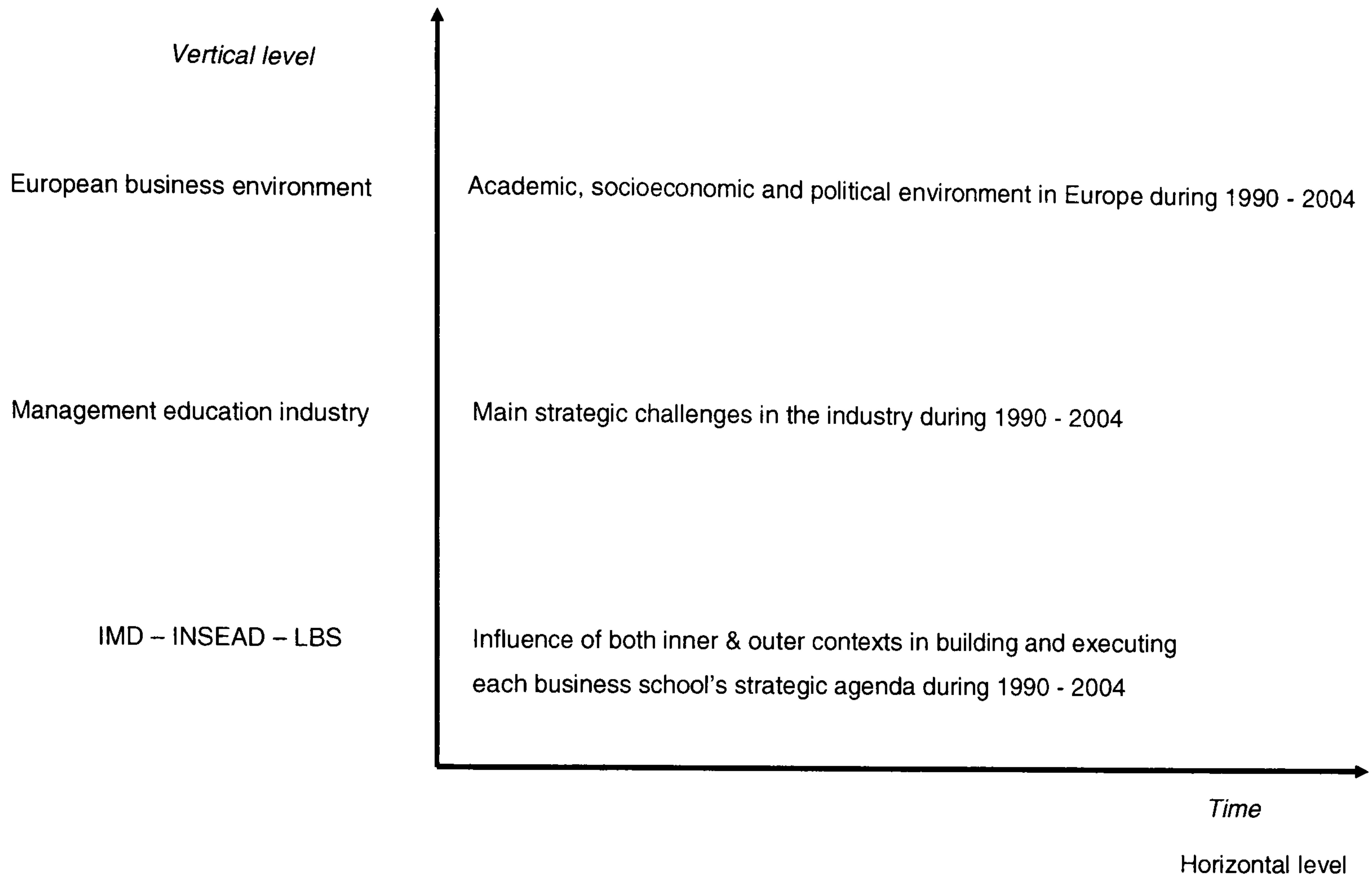
Formal knowledge may be obtained through four *'world hypotheses'*: formism, mechanism, contextualism, and organicism (Pepper, 1942). Each of these is associated with a different 'root metaphor' (Pepper, 1942; Tsoukas, 1994), a device for embellishing discourse, *a way of thinking* and *a way of seeing* that pervade how we understand our world generally (Morgan, 1997).

According to these hypotheses, human knowledge is an endless process of cognitive refinement: the criticism and improvement of common-sense claims (Tsoukas, 1994). Contextualism is both a synthetic and a dispersive theory. It is synthetic since it takes a pattern as the object of study, rather than a set of discrete facts. It is dispersive in so far as the multitudes of facts it seeks to register are assumed to be loosely structured, not systematically connected by virtue of a lawful relationship (Tsoukas, 1994).

The root metaphor of this theory is the idea of the historic event continuously changing over time. Moreover, contextualists believe that change is endemic in social systems. Thus, every moment is qualitatively different and should be treated as such. Contextualists categorically accept change as an inherent feature of the world, and seek to accommodate the ontological claim that the social world is incessantly on the move (Tsoukas, 1994).

Regarding this particular research on the strategic leadership process in Business Schools, a contextualist analysis draws on phenomena at vertical and horizontal levels of analysis and the interconnections that exist between those levels through time (Pettigrew, 1985, 1987, 1990, 2001). The vertical level refers to interdependences between higher or lower levels of analysis such as each of the Business Schools under study (firm level of analysis), the management education industry (sector level of analysis) and the European business environment (national level of analysis). The horizontal level refers to the sequential interconnectedness among phenomena over time, which is provided by the longitudinal analysis both of each of the Business Schools individually and across the three, over time. The following chart (Figure 11) describes the contextualist perspective of the present research explained in the previous paragraph.

Figure 11: Contextualist approach of the study



We have now laid out the epistemological underpinnings of this study; these groundings determine the perspective from which organisations are studied. In this regard, the fact that a contextualist approach has been chosen to carry out the political analysis of the strategic leadership process in Business Schools, over time, leads us to consider also the influence of the inner and outer contexts on organisations and how both contexts are also affected by the SLP, over time. The next section addresses the research methodology of the study of the SLP in Business Schools over time, from a political perspective.

3. The study of the SLP in Business Schools over time: Research Method

The methodology selected to tap into the political processes that occur around the SLP (strategic agenda-building and -executing) over time, is primarily qualitative, since it tends to describe the unfolding of social processes (Van Maanen, 1979). This methodology covers an array of interpretive techniques which seek to describe, decode, translate, and come to terms with the meaning of certain more or less naturally occurring phenomena in the social world (Van Maanen, 1979).

Accordingly, when we are embarking on a political analysis of the SLP in Business Schools, over time, qualitative methodology would seem to facilitate the observation of the unfolding of events over time and the interconnections between the actions of key people (the Board, Dean and Faculty of each Business School) and contextual circumstances both inside and outside the Business School. When we are making observations, a multiple paradigm perspective, employing triangulation across theories and paradigms, enables us to have greater confidence in the reliability of our findings (Bryman, 2001). Similarly here, we are using qualitative methods and strategies (case studies, semi-structured interviews) triangulated with quantitative material (statistical analysis of the evolution of key features of each Business School, such as revenues over time, characterisation of key actors, content analysis of semi-structured interviews, coding analysis of the transcripts of each interview and archival material, in order to build matrices for a better data display).

Longitudinal and comparative case studies (Yin, 1984; Pettigrew, 1990) of three top European Business Schools were conducted over the period 1990-2004. Longitudinal design permits the study of long-term processes in context. Insights into the time order of variables eventually facilitates causal inferences (Bryman, 2001). As a result, causation and connectivity can be determined and patterns identified and explained (Pettigrew, 1990).

In addition, since this study intends to describe and explain the temporal sequence of events (Van de Ven & Huber, 1990) involved in the SLP over time, it seems appropriate to employ the case study method, which implies tracing processes in their natural contexts (Pettigrew, 1992; Van de Ven, 1992; Yin, 1984). The case study method is a "research strategy, which focuses on understanding the dynamics present within single settings" (Eisenhardt, 1989: 534). It is thus suitable for the in-depth exploration of the strategic leadership process in Business Schools and, moreover, it facilitates the identification of interconnections, causality and patterns of behaviour which will in time contribute to theory-building (Eisenhardt, 1989).

Finally, given that the case study method essentially generates theories about specific phenomena (Eisenhardt, 1989) the multiple case study method augments external *validity* and helps guard against observer bias (Yin, 1984). Thus, each case study serves to confirm or disconfirm the inferences drawn from previous ones (Bourgois & Eisenhardt, 1988). Moreover, in carrying out multiple case design, there is scope to examine *causal* processes directly, to look at them in context (Pettigrew, 1990; 1992; 1997). Comparing three cases (SLP in three different Business Schools) puts us a better position to establish the circumstances in which a theory will or will not hold (Yin, 1984; Eisenhardt, 1989; Bryman, 2001). Comparative design acts as a springboard for theoretical reflections about contrasting findings (Bryman, 2001).

It seems relevant to declare that n line with the practice of other scholars doing process research (such as Pettigrew, 1979; Barley, 1986; Doz, 1996; Denis et al., 1999, 2001), a temporal bracketing strategy is employed here. This study breaks down the chronological data identified in each Business School, into successive discrete time periods, or phases that become comparative units of analysis. Phases are defined so that there is *continuity* in the *context* and actions being pursued within them; and boundaries are delineated by turning points or *'social dramas'* (Pettigrew, 1979).

This study has defined the boundaries within the period under study (1990-2004) according to changes in the Deanship and within each Business School over time, in relation to different initiatives launched in response to a particular strategic issue: *becoming a top international Business School.* Thus, the study observes how the SLP is operationalised through strategic agenda-building and -executing in the chosen strategic issue that acts as a vehicle for this operationalisation. Comparison among the different set of initiatives undertaken in relation to the strategic issue within each Deanship, and within and across the three Business Schools, over time, facilitates the identification of patterns.

In sum, an "eclectic approach" (Pettigrew, 1973: 64) that consists of both a longitudinal and a comparative case study method – political analysis of the SLP in three Business Schools chosen among the top Business Schools in Europe according to international rankings – facilitates the depiction of reality and of the course of events, their chronology, how events evolve over time, in order to establish patterns and permit examination of temporal interconnectedness, for it focuses on past, present *and* future (Pettigrew, 1997).

Data was gathered from multiple sources: semi-structured interviews, lasting around 90 to 120 minutes, and recorded with members of key constituencies – Board, Dean, Faculty and staff; documentary and archival data from Business Schools (i.e.: books on the School's history, brochures, speeches, presentations, annual reports, minutes, rankings in *Business Week* and the *Financial Times*, material put out by AACSB and EQUIS, etc.); statistical material that reflects the evolution of key features of both inner and outer contexts (e.g. the Faculty profile over time, students' profile over time, members of the Board and other key actors). Triangulation (Denzin, 1997) of these different sources enables the researcher to counteract the bias potentially resulting from relying upon a single data source (Eisenhardt, 1989).

4. The study of the SLP in Business Schools over time: Research Questions

In attempting to understand and analyse the SLP in context from a political perspective this study intends to answer the following research questions, which have already been posed in the previous chapter:

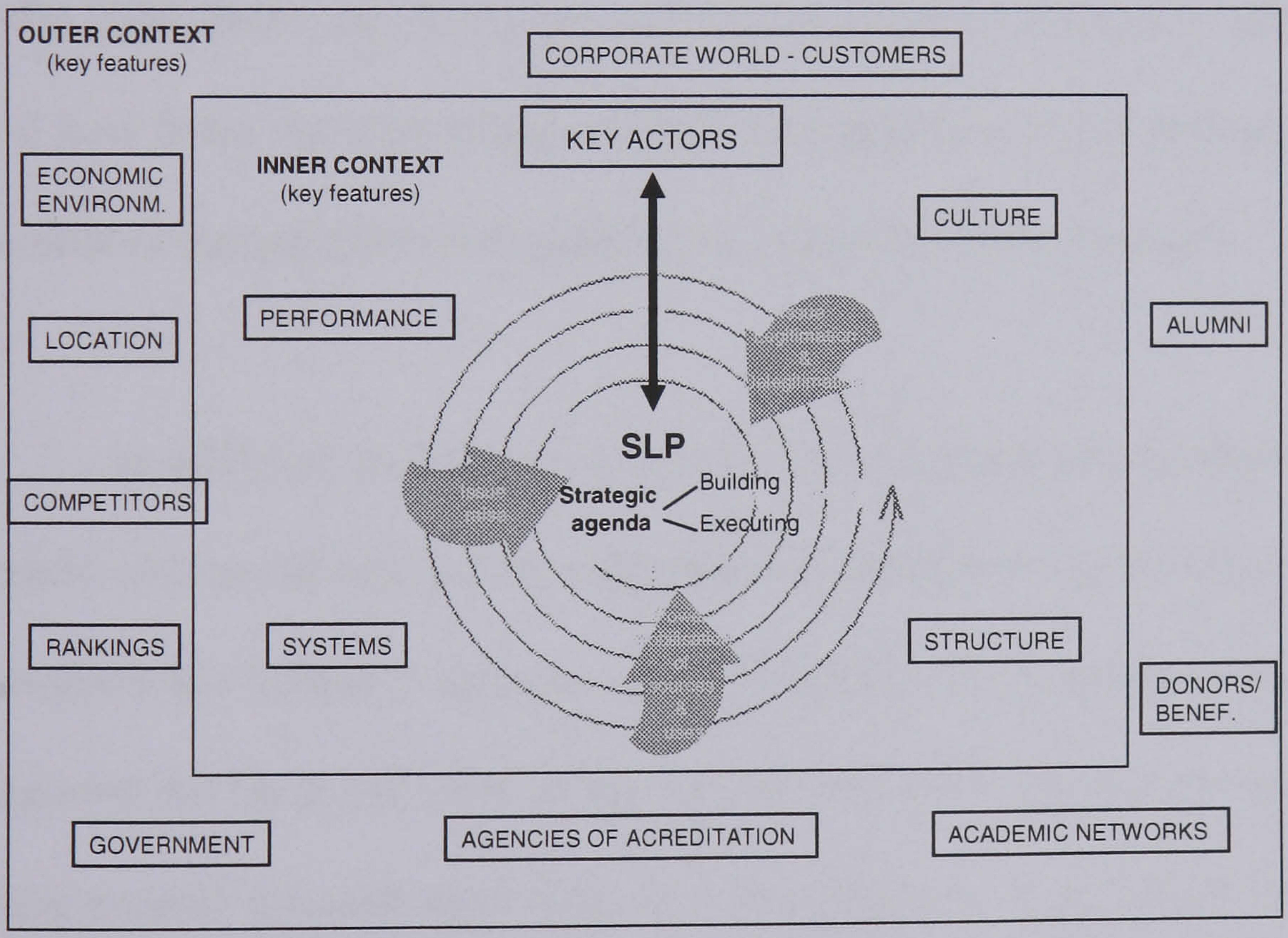
1. Who are the key actors? How do they interplay in exerting influence to shape and execute the strategic agenda while raising their own interests?

2. What are the main features of the inner and outer contexts that influence the School's strategic agenda-building and -executing over time; and what is their influence?

3. How do the key actors mobilise (build and use) power in order to influence strategic agenda-building and -executing over time, according to their prioritisation of interests?

Figure 12 shows the scope of the study – the SLP, and its operationalisation through two main elements, strategic agenda-building and -executing during the period 1990-2004. The outer context refers to the trends in the environment of management education during the period under study, rankings, economic context and corporate support; while the inner context involves the leadership style, the concentration and dispersion of dominant values, Faculty profile, formal and informal coalitions, economic and activity indicators, and customised activities. Both contextual factors shape and mould the SLP over time.

Figure 12: Analytical Framework



The following section deals with the way in which this research delves into the data in order to find the answers corresponding to each of the research questions.

4. 1. How was this study conducted?

In trying to answer each of these analytical questions this study first identified the key constituencies within each Business School and their main generic interests, over time. In this the focus was not only on the person of the Dean but also on other people who influenced the Business School's strategic agenda-building and -executing – i.e. the Board and the Faculty were also observed. Moreover, this study also identified the key actors within those constituencies with the aim of recognising the people who had the most influence, and establishing how they prioritised their main generic interests over time (1990-2004).

Second, the study identified the critical features of both outer and inner contexts that influenced strategic agenda-building and -executing over the period 1990-2004. Here, the focus was on the features that constituted each of the contexts, and how these features triggered the prioritisation of some interests over others and facilitated the legitimisation of this type of prioritisation over time.

In addition, in trying to understand how key people mobilised (built and used) power, and raised or blocked, legitimated or delegitimated strategic issues in order to influence the School's strategic agenda-building and -executing over time, the study explored the basis and uses of key actors' power that facilitated their prioritisation of main generic interests over time. For this purpose, longitudinal data about the SLP (strategic agenda-building and -executing) in each Business School, during the period 1990–2004, was collected. Pettigrew (1990) claims the importance of clarifying the beginning and end of the process under analysis. A retrospective analysis of each School was also carried out so that the study could grasp the succession of events relevant to the understanding of developments in each School over the period 1990-2004.

Access to each of the three Business Schools was not a problem. All three institutions were happy to collaborate and generous with time and information. As has already been said, the case study method was chosen. This technique demanded three main sources of data from each Business School: semi-structured interviews, documentary data and archival material, and quantitative and statistical material. This triangulated methodology was useful since it made it possible "to draw on the particular and different strengths of various data collection methods" (Pettigrew, 1990: 277). Moreover, different kinds of data were used as cross-checks.

Given that interviews are one of the most common methods used in fieldwork to further the understanding of a situation (Fontana & Frey, 1994), around 30 semi-structured interviews with members of the key constituencies were conducted per Business School. The number of interviews per Business School varied because once theoretical saturation was achieved (Glaser & Strauss, 1967), the interview process was curtailed. Interviews lasted between 90 and 120 minutes, and all were audio-taped and transcribed. Interviewees were asked about both retrospective and current strategic decisions related to the School's strategic agenda-building and -executing over the period 1990-2004.

4. 2. Data analysis

The research design and data collection methods have now been explained. The purpose of this section is to tackle the question of how the data was then analysed. Huberman & Miles (1994) indicate that analysing data is an interactive operation that starts from the moment of data collection and includes also data reduction, data display, and the drawing and verifying of conclusions. Table 9 shows the framework for analysing the data:

Table 9: Data analysis. An interactive process.

Main aspects	Main activities	Operationalisation of the activity through...	Aims
Data reduction	-Coding and storage of data	-Storage of data in broad categories of analysis -Data storage on own database	-Try to avoid *"death through data asphyxiation"* (Pettigrew, 1990:281)
Data display	-Writing up analytical chronologies	-Analytical chronologies using suitable categories for the different companies (Pettigrew, 1990). These chronologies bear the seeds of the analysis.	-Understand the evolution of the SLP over time -Shaping the key features of both inner & outer contexts that influence the SLP over time
Cross- case analysis	-Comparison between the three Business Schools over time	-Comparative analysis among elements of the SLP, features of both inner and outer contexts and key actors and their main generic priorities within the three Business Schools over time and across the three Business Schools over time	-Understanding how the two elements of the SLP are enacted over time -To find common patterns within each Business School over time and across the three Business Schools over time

Source: Hatum (2002)

A process of reduction and storage of information helped to avoid "death through data asphyxiation" (Pettigrew, 1990: 281). N-VIVO software enabled data reduction under different categories such as strategic agenda-building, strategic agenda-executing, and by the different features of both inner and outer contexts that emerged as the fieldwork was carried out (economic environment, competitors, donors and benefactors, systems, structures, culture, etc.).

Interviews were content-analysed in order to identify key actors, and their power sources and uses. Reliability coding (Huberman & Miles, 1994) provided an estimate of the validity of the findings. In addition, in order to enhance, triangulate (Stake, 1994), and validate (Yin, 1994) information from the interviews, and also documentary and archival material, were used. Documentary and archival material are important in longitudinal research because they provide the study with facts. They are, it is true, "subject to dangers of selective deposit and survival" (Pettigrew 1990: 277). But, if treated with appropriate caution, documentary data can complement the information obtained from interviews and provide insight (Hatum, 2002) into the context in which strategic decisions are taken.

Matrices were built to facilitate data display. In order to enhance, triangulate (Stake, 1994), and validate (Yin, 1984), information from the interviews, documentary and archival material, quantitative and statistical material were used. This data provided the project with the necessary background information about the evolution of certain features of each Business School over time.

After identifying the key actors and the set of initiatives they promoted with the purpose of responding to the chosen strategic issue (becoming a top international Business School) within the different stages in which the period was divided, features of both inner and outer contexts that influenced each School's strategic agenda-building and -executing were identified. Moreover, the study observed how these shaped and moulded the SLP over time, facilitating the legitimisation of the main generic interests that were prioritised.

Finally, the study observed how key actors built and used power in influencing strategic agenda-building and -executing over time. It identified the different power sources, and uses of power, that were employed by key actors in raising, prioritising and legitimating their main generic interests within their School's strategic agenda-building and -executing, over time.

To sum up, in carrying out a political analysis of the SLP (strategic agenda-building and -executing) in Business Schools over time, with regard to a particular strategic issue – that of becoming a top international Business School – the study worked through the following stages:

1- Firstly, it identified the type of initiative carried out – breakthrough or incremental.

2- Secondly, it analysed issue legitimisation according to issue sponsorship, issue-selling, alignment of key actors' MGI prioritisation, agenda structure and characterisation of features of both outer and inner contexts.

3- Thirdly, it studied the mobilisation of power according to sponsors' leadership style, the Dean's skills and competences, power sources and power uses.

Findings were compared within each Business School over time, and then across the three Schools. Thus, *similarities* and *differences*, over time, could be identified, and *patterns* could be established regarding the SLP as a social influence process in Business Schools; this depended on whether such patterns were *conditionants* or *enablers* of strategic agenda-building and -executing.

Chapter IV: BUSINESS SCHOOL INDUSTRY

1. Introduction

The aim of this chapter is to describe the Business School sector, with its driving forces and trends, and key drivers for competition, in order better to understand the *external environment* in which the three Schools included in this study (IMD, INSEAD and London Business School) are embedded. Moreover it also aims, in particular, to unveil how the external context *affects* the SLP in each of the three Schools. over the period 1990-2004.

This chapter will firstly provide an overview of the Business School background, the central role played by Business Schools and criticisms of them. Secondly, it will describe the history of US and European Business Schools. Thirdly, the study will examine Business Schools' response to the main trends towards globalisation and increasing competition. Fourthly, the study will refer to the specific influence of rankings and accreditation agencies in this sector. Fifthly, it will review the challenges facing Business Schools and the forces driving them. And finally, the study will present some implications for SLP in Business Schools.

2. Background

Business School and management research has a potentially fundamental role to play in the context of a knowledge-based society where education, training and research are core processes of social and economic change (Starkey *et al.*, 2004).

Their overarching mission is to be responsible both for the continuous dissemination of the new and evolving bodies of knowledge available to practitioners, and for the institutionalised development of new Faculties to continue the process of discovering and developing knowledge (Harvey *et al.,* 2006).

Business Schools have a central role, existing as they do at the interface of business and academic worlds (Prince, 1999). This unique position forces them to deal with a twofold challenge: firstly, to cope with the changing external environment and its conflicting economic, social and cultural forces, and to foresee the different strategies that will be needed in response; and secondly, to reinforce their role as research institutions concerned with knowledge creation and dissemination.

Although Business Schools have had a relatively short history, they have been recognised as "the major success story in the university in the last quarter of a century, if we measure this in terms of the growth in demands for its services" (Starkey, Hatchuel & Tempest, 2004: 1521). However, maintaining high quality standards and being recognised in both the business and academic worlds has become a strong challenge which they must face. In dealing with the double hurdle of delivering 'business relevance' and 'academic rigour', Business Schools have been at the centre of some criticisms.

Starkey & Tempest (2005) summarise these in the form of five factors: firstly, at its origin, the Business School was little more than a trade school; secondly, as the Business School has transformed itself from a trade school, its research has become divorced from the real concerns of business, and has produced self-referential and irrelevant knowledge; thirdly, Business School education and training does not have positive effects on the careers of its graduates; fourthly, in aiming to respond to customer needs and become a market-driven organisation, it has sometimes neglected knowledge; and finally, the Business School has not only failed to deliver knowledge that enhances competitiveness at a firm and national level, but has also been a major source of the wrong sort of knowledge for management, fostering a short-term, risk-averse orientation and even new management thinking and practices that have led to contemporary business and social crises.

In response to the foregoing criticisms regarding the double hurdle faced by Business Schools, Thomas (2007) asserts that Business Schools should engage in cutting-edge, rigorous academic research on management which is informed by context and by practical insights about management gained from engagement with management issues and challenges.

3. US and European Business Schools: an overview.

Although the impetus for the evaluation and development of business and management knowledge within higher education originally started in Europe (Antunes & Thomas, 2007), the Business School as we know it was invented in the US. Its origin can be traced to the University of Pennsylvania's Wharton School, which was founded in 1881 (Crainer & Dearlove, 1999). Other Schools soon followed: Chicago, Harvard, Columbia and Dartmouth. The spread of this type of institution all over the US was rapid, with the development of both independent and university-based Business Schools (Antunes & Thomas, 2007).

These institutions grew out of a desire to train and educate future generations in management techniques and practices. Although they were born as trade schools, towards the end of the 1950s, reports from the Ford and Carnegie Foundations influenced their development, driving them towards a more research- and discipline-led approach, with emphasis on scientific method, research and knowledge creation, and a strong focus on graduate education in business (Antunes & Thomas, 2007).

While in the US these new institutions were welcomed, in Europe there was a tepid response to them. Even though there are some exceptions (e.g. the Ecole Supèrieure de Commerce, founded by the Paris Chamber of Commerce and Industry in 1819, which introduced a management course in 1931), Europeans took little interest in Business Schools in the first half of the twentieth century (Antunes & Thomas, 2007). However, after World War II, the Marshall Plan and other US-led initiatives to rebuild Europe's industrial base brought American ideas to Europe. Among these ideas there was the recognition that the business leaders of the future required special training (Crainer & Dearlove, 1999).

Thus, during the 1950s, Business Schools began to spring up on the European mainland; they developed more slowly and on a national, rather than regional basis. As for the UK, there was little development after the foundation of Schools of Commerce at the Universities of Birmingham and Manchester at the beginning of the twentieth century. Business Schools developed late in Britain, but grew rapidly in the latter part of the twentieth century. There were no Business Schools in British universities until the mid-1960s, when the London Business School (founded in 1964 as the London Institute of Business Management and as a graduate college of the

University of London), and Manchester Business School, were created by the UK government to provide Europe with the leaders needed to enhance British industry and financial sectors, and permit them to compete worldwide. By the beginning of the 21st century the number of UK Business Schools had reached approximately 120 (AIM Research, 2006).

Within continental Europe, IMD, although born in 1990, resulted from the merger of two Swiss Business Schools which had been previously founded by two private companies: IMI (International Management Institute), and IMEDE (Institut pour l'Etude des Méthodes de Direction de l'Entreprise). IMI was founded in 1946 by Alcan Aluminium Ltd, in Geneva, whereas IMEDE was founded by Nestlé with the academic support of HBS, in Lausanne. While IMI pursued the goal of developing a better understanding of the world's geopolitics, IMEDE was founded by private companies with the initiative of developing the skills of their managers.[1]

INSEAD was created as a privately funded, independent institution in Fontainebleau, France, in 1957. Its founder, Georges Doriot, was a French-born Harvard professor who wanted to provide cross-cultural business education and help rebuild the war-torn economies of Europe. INSEAD was not the result of a university's strategic initiative, but of a group of business entrepreneurs who wanted to found an international Business School in continental Europe.[2]

Business Schools have expanded worldwide since the early 20th century; currently, there are around 4000 Business Schools in the world (Thomas & Li, 2007).

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[1] Please refer to Chapter V for further details on the IMD case-study

[2] Please refer to Chapter VI for further details on the INSEAD case-study.

In this regard, the Business School industry has been among the fastest-growing segments in higher education over the last two decades (Thomas & Li, 2007), as a result of the globalisation springboard that became a factor in the 1990s.

In the US, Business Schools have become the largest single field within higher education. The number of bachelor's and master's degrees awarded in business has reached records for decades and has increased by 215% since the early 1970s. For example: In 1955-56, graduate business education was virtually nonexistent, with only 3,200 MBA degrees awarded in the US. By 1997-98, this number had grown to over 102,000 (Zimmerman, 2001). Currently, in the US, there are over 1.8 million MBAs. By the year 2020, it is predicted that there will be over 3 million (Starkey & Madan, 2001).

Along the same lines, a McKinsey—Harvard report from 1995 estimated that non-degree executive education in the US generated around $3.3 billion, and was growing at a rate of 10% to 12% annually (Crainer & Dearlove, 1999). Business education has also spread throughout Asia and Europe; particularly in Britain, where the number of Business Schools rose from 20 in the early 1980s to 120 by the end of the 1990s. Moreover, Business Schools are among the UK's top fifty exporters, attracting over $640 million a year from other countries (Crainer & Dearlove, 1999).

According to the Digest of Education Statistics 2005, edited by the National Centre for Education Statistics (NCES), in the academic year 2003-2004, approximately 22% of all bachelor's degrees, 25% of all master's degrees, and 3% of all doctoral degrees were business degrees, whereas the numbers had been 14%, 11%

and 2% in the academic year 1970-1971. In Europe, between 1996 and 2004, the number of full-time undergraduate students grew by 26%, while the total of full-time graduate students, grew by 157%.

4. Business Schools' response to globalisation trends and increasing competition during the period 1990-2004

With the development of globalisation, Business Schools have been forced to become international, and indeed, significant progress has been made in the internationalisation of Business Schools throughout the world. The capacity to provide education in the international dimensions of business has a strong influence on the performance and reputation of the Schools.

In addressing the issue that Business Schools are becoming more global, De Meyer, Harker & Hawawini (2004) classify Business Schools according to their degree of internationalisation with regard to three variables: international Faculty, international students, and international Board. It is interesting to note that the three Schools under study present the highest standards worldwide (i.e. including the top US Schools) regarding the degree of their internationalisation in all three dimensions: Faculty (IMD: 98%, INSEAD: 85%, and LBS: 71%), Students (IMD: 96%, INSEAD: 92%, and LBS: 83%), and Board composition (IMD: 70%, INSEAD: 71%, and LBS: 57%). Table 10, below, compares the three top European Schools under study with other top Schools from the US.

Table 10 Globalisation of top Business Schools

School	Country	International Faculty (%)	International Students (%)	International Board (%)
Wharton	USA	29	42	49
HBS	USA	34	36	7
Columbia	USA	50	30	35
Stanford	USA	35	36	14
Chicago	USA	38	27	10
INSEAD	France & Singapore	85	92	71
LBS	UK	71	83	57
Stern	USA	42	32	2
Kellogg	USA	23	33	7
Sloan	USA	29	43	27
Tuck	USA	27	29	15
Yale	USA	29	34	6
IMD	Switzerland	98	96	70
Darden	USA	13	26	18
Fuqua	USA	40	32	12

Source: *Financial Times*, 2003

In adapting to the environmental trends that the springboard to globalisation triggered around the 1990s, some people considered that Business Schools would follow a single, globalised, US-oriented business model. However, in their race towards internationalisation, these institutions have shown distinct differences. Reality has refuted the idea of a single, globalised model of management education, as the evidence suggests that a distinctive set of national Business School role models has emerged over time (Antunes & Thomas, 2007).

Rather than supporting the idea of a standardised model of Business School, the result of globalisation forces, evidence shows different reaction. In this regard, it seems relevant to address De Meyer *et al.*'s (2004) four models for globalisation: the *import model* refers to those Schools that have attempted to bring the world to the campus, attracting Faculty, participants and knowledge from all over the world (e.g. Harvard Business School, IMD). The *export model* overarches those Schools that see their campus as the sole producer of their proprietary ideas, and have moved into exporting these ideas overseas by having travelling teaching staff (e.g. Chicago GSB). The *partnership model* of Business Schools refers to those which start as alliances, offering participants the possibility of spending some time in the foreign institution (e.g. London Business School and Columbia University Alliance; and the alliance between INSEAD and the Wharton School). Finally, the *network model*: Schools that have gone one step beyond and have followed the example of international companies or professional service firms in the creation of overseas subsidiaries or offices, building up a network and deciding to station a Faculty abroad on a permanent basis (e.g. INSEAD; and the French School ESCP-EAP). De Meyer *et al.* (2004) assert that questions of how Business Schools need to change their structures and programmes to accelerate the process of building global insights among students and Faculty, in order to achieve knowledge and understanding of international business, have led Business Schools to develop a variety of different models to support international education.

In framing differences among Business Schools, Antunes & Thomas (2007) explain the evolution of Business Schools on both sides of the Atlantic. Using evidence from rankings published annually by the *Financial Times*, they address the key features of European Business Schools and map the competitive characteristics and relative strengths and advantages of European Schools over the US Schools. These authors assert that even though the US Business School model has come to dominate the Business School landscape, European Schools have developed their own identities, styles and approaches to management education; they focus on reflective, integrative, and action-based learning, public sector management and public policy issues, and offer a greater sensitivity to international relations.

But there is no such thing as a single, widely-accepted European model for a Business School. *"Rather, 'national' champions or elites have emerged in Europe, and these tend to be defined by national and cultural characteristics with some US flavour"* (Antunes & Thomas, 2007: 396). In this regard, the characteristics of European schools have been shaped by national and regional considerations, albeit with a degree of influence from the US model as a result of its dominance through textbooks, cases and teaching materials and journals. Given that US Business Schools have always possessed the competitive advantage of being the first movers in the field, historically, they have always led the Business Schools market.

There are some common characteristics between European and US Business Schools models, but also, clear differences and niche strategies. In this regard, Antunes & Thomas (2007) differentiate both models according to *institutional differences,*[3] such as language, culture, regulation, standardisation, and size; *competitive differences,*[4] such as governance, values, funding and endowment, international mindset, innovation, knowledge transmission, and corporate links; finally, *social capital differences,*[5] such as rankings and reputation.

Among the main differences, European models show multiculturalism; a strong adaptation to the many different languages and regulations that exist across

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[3] These are associated with the different viewpoints and interpretations of business debated and shared in a national context.

[4] Markets are a dominant US recipe form, strong competition develops and the key drivers or differentiators between the US and Europe in management education become evident.

[5] These reflect the processes of maturity and growth of business schools, where national and international the comparison that brands and school images are formed.

Europe; a slower acceptance and institutionalisation of Business Schools; smaller size; predominantly public funding; smaller endowments; a weaker resource base; a more international mindset; and greater reliance on executive education. US models, on the other hand, show a more homogeneous culture; a single language; lower levels of regulation; fast acceptance and institutionalisation of Business Schools; larger size; predominantly private funding; large endowments; stronger resource base; a less international, more insular mindset; and fewer Schools promote executive education.

According to Antunes & Thomas (2007), some of the key competitive strengths of the European Schools are their relatively small size, their strong customer relationship management capabilities, the fact that they have embraced public management and policy, their innovatory capabilities and learning styles, and their international mindset. On the other hand, "the strengths of the leading US Business Schools derive from the competitive advantages associated with their gains as fast first-movers in management education, i.e. product standardisation, Business School legitimisation, strong and well-established brands and reputations, and significant financial strength and very large private endowments fuelling their position in the market" (Antunes & Thomas, 2007: 396).

In classifying IMD, INSEAD and LBS according to Antunes & Thomas' (2007) lens, this study has noted that INSEAD and LBS are more US-oriented due to their size, governance, Faculty profile and background, knowledge transmission (research), and reputation. They are also differentiated from US Schools in terms of their multiculturalism, international mindset, weak endowment, and corporate links (both show a strong reliance on executive education). As for IMD, it represents a unique case (a niche strategy), displaying the particularities of the US model and also of the European one. For example, it combines a single language and multiculturalism, a low level of regulation, small size, no endowment, international mindset, practical problem-based learning, critical reflective thinking, a one-year MBA, action-oriented learning, a predominant reliance on executive education closer to business, amongst others.

The increasing demand for management education has strongly impacted on the growth of the Business School sector. As a result, Business Schools have found themselves needing to define a clear position and strategy in order to differentiate themselves. Some have joined together and created informal groups. Deans meet to discuss common issues, share experiences, and evaluate trends to better position their Schools amidst increasing global competition. Examples of this are the 'Seven Sisters', top-tier US Schools (HBS, Wharton, Columbia, Stanford, Kellogg, MIT, and Chicago); and the 'Big Three' top-tier European Schools (IMD, INSEAD, and LBS). They join to discuss critical issues with regard to the Business School industry.

5. The influence of rankings in the Business School industry

Given the strong impact that rankings have in the Business School industry, it seems relevant to understand how, and to what extent they have influence. Media rankings affect the Business School industry and have a profound impact on both students and Business Schools. They provide customers with information on their decision-making process. In this regard, 95% of graduating MBAs said that School rankings had more influence than any other media source (Peters, 2007). Moreover, during the period in which the Wharton School was ranked number one in *Business*

Week's biannual ranking (1994-2000), the applicant pool nearly doubled (from 4,300 in 1993, to 8,400 in 1999). A quick investigation of the extent to which Business Schools promote themselves through media rankings asserts that of the 100 Schools listed in the *Financial Times* annual ranking of the top global MBA programmes, published in January 2006, 96 refer to their position in rankings on their websites, through press releases, or in brochures (Bradshaw, 2007).

Much has been written on the value of rankings. While the media feel they have added positive value, academia feels the opposite (Policano, 2007). Despite criticisms, rankings have had some positive effects on the Business School industry; they have brought transparency and information to a complex market (Bickerstaffe & Ridgers, 2007). They have a double impact: in one respect, they tend to increase and set a minimum baseline for academic standards; and in another, they identify differences among Schools within the same level of standards, according to different criteria.

However, some scholars agree that nowadays, the proliferation of rankings over the last decade provides the market with so much data that there is little new left to be uncovered, since every School is assessed on so many different dimensions that there is always some measure and some ranking that makes the School shine (Policano, 2007). Criticisms refer to the fact that different rankings evaluate different dimensions according to the weights chosen. In analysing the rankings given to various Schools by various publications, Policano (2007) asserts that it is the arbitrary weighting assigned by the media to the variables of the ranking, rather than the quality of the School, that accounts for differences across similar programmes, so changing the weights can exert a significant impact. In order to avoid this, he suggests rating Schools in groups of programmes of similar quality.

Towards the 1990s, rankings have consolidated their influence and impact both on participants and, in consequence, on Business Schools' Deans and administrators. Even though the ranking of Business Schools first appeared in 1977 with the Carter Report and the Ladd & Lipset Survey, it was not until 1988 that *Business Week* constructed a survey that moved beyond industry insiders. In a paper where he sets out to examine the effect of rankings on Business Schools, Peters (2007) affirms that the *Business Week* survey was the first one to receive wide circulation; it focused on salaries as the key component of Business School success, and measured student (45%), recruiter (45%), and intellectual capital (10%) scores. In 1990, the *US News & World Report* launched a US-based MBA ranking which measured reputation (40%), placement success (35%), and student selectivity (25%).

However, these rankings raised much criticism throughout the European Business Schools industry, since both *Business Week* and *US News* were too US-biased (Peters, 2007). As a response to this, the *Financial Times* launched an international ranking of MBA programmes. In this regard, Della Bradshaw (2007: 58) remembers: "One of the main driving forces behind the publication of the first *Financial Times* ranking in 1999 was a group of the top European Business Schools, which felt that the US-only focus of the two leading rankings, *Business Week* and *US News and World Report*, ignored the growing number of excellent European Business Schools."

At that moment the *Financial Times* was approached by the Deans of the 'Big Three', IMD, INSEAD and LBS. They wanted to promote the emergence of a ranking that would include European Schools. Thus, in 1999 the *Financial Times* produced the first publication of an integrated global ranking for both North American and European full-time MBA programmes (January 1999), and subsequently for executive education programmes and executive MBAs. Della Bradshaw[6] emphasises the role of INSEAD in encouraging the appearance of a ranking that would include global indicators.

The aim of the *Financial Times* ranking was to produce a listing of the Business Schools that were producing global managers for the twenty-first century. This has determined the three planks on which the rankings are based: firstly, the career progress of alumni; secondly, the international focus of the programme; and thirdly, the ideas generation (research capabilities) of the school (Bradshaw, 2007). Moreover, in addressing the *Financial Times'* international ranking and how it is really differentiated from other rankings, Della Bradshaw underlines that the *FT* is the only organisation which independently audits the data supplied for Schools. She explains how KPMG reports on the results of obtaining evidence and applying specified audit procedures related to selected data provided for the surveys. To differentiate, *FT* awarded 20% for international diversity and 25% for research performance in addition to 40% based on salary progression and 15% based on student selectivity and quality. (See table at the end of this section.)

In 2001, the situation was complicated by the *Wall Street Journal* survey,

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[6] Interview with Della Bradshaw, *FT*.

which was based 100% on recruiter opinions (Peters, 2007). Since then, more surveys have been created by other medias: *Forbes Magazine*, i, *América Economía*, and *Asia Inc.*, among others. In response to this proliferation of rankings, Peters (2007) identifies two streams: the first one attacks the veracity of the results—i.e. the statistical validity, the weightings given, the methodologies employed, and the factors used; whereas the second one attacks the Business Schools' reactions to the game—i.e. ranked schools took more action to address underlying issues that the rankings brought up and paid more attention to the rankings process than did unranked Schools, who evidently felt that getting into the rankings was next to impossible and thus, futile.

The following Table 11 shows the different publications, the criteria each of them assesses and the weight of each of the variables. It illustrates how publications assess different criteria and confer different weights to the variables used. This reaffirms the importance of letting people know what is being assessed, the criteria being considered and the weight variables given:

Table 11 Different weights to different variables used by Medias

	Business Week	*US News*	*Financial Times*	*Wall Street Journal*
Student	45%	25%	15%	-
Recruiter	45%		-	100%
Intellectual capital	10%		25%	
Reputation		40%		
Placement success		35%		
International diversity			20%	
Salary progression			40%	

To sum up, "rankings are here to stay and they will continue to affect the fortunes of Schools" (Peters, 2007: 53); "they are not going to go away" (Bickerstaffe

& Ridgers, 2007). Their contribution enables an explicit and transparent reflection of each Business School to be shown; they have become a key element for prospective students and participants in their decision-making process. However, there are aspects that must be considered, such as the criteria assessed and the different weight each of the variables is granted. Some authors (Peters, 2007; Policano, 2007) refer to the importance of methodologies used: their statistical validity, robustness and accurate measures of quality. Perhaps a more accurate description of quality would be obtained by rating Schools in groups of programmes of similar quality (Policano, 2007).

5.1. Accreditation agencies

Today, AACSB, AMBA, and EQUIS are the three most highly regarded schemes for international accreditation in the business field in higher education (Urgel, 2007). International accreditations represent high standards for Business Schools; they stand as an externally validated hallmark of excellence in management. Accreditation agencies confirm their commitment to quality and continuous improvement through rigorous self-evaluation and comprehensive peer review processes.

AACSB was founded in 1916 by a group of leading US Business Schools with the goal of enhancing the quality of management education at the collegiate level. It provided a significant building block for institutional development, as accreditation could improve the market recognition that various Business Schools needed. This led to a drive towards standardisation—i.e. similarity and mass production in business education (Antunes & Thomas, 2007). As a result of such convergence, the MBA title was successfully accepted in the US market.

Following the AACSB example, in 1992, AMBA (Association of MBAs) created an accreditation scheme in the UK focusing specifically on the growing range of UK MBA-awarding Business Schools. However, this did not have the same effect in terms of the pace of standardisation.

Five years later, the European Foundation for Management Development's (EFMD) international system of quality assessment, improvement, and accreditation of higher education institutions in management and business administration created EQUIS (European Quality Improvement System) by a mandate of the EFMD's member Business Schools with the active support of a number of the top Schools in Europe, such as IESE, IMD, INSEAD, LBS, HEC Paris, Bocconi, Instituto de Empresa, Helsinki School of Economics, and Rotterdam School of Management. Its creation was prompted by the need to develop an accreditation system targeted at those Business Schools around the world that were trying to make an impact beyond their domestic frontiers. It aimed at meeting some of the needs faced by international Business Schools that AACSB and AMBA were not satisfying. Thus, since its origin, EQUIS has never attempted to adopt the role of those national accreditation systems that are aimed at detecting quality at the purely domestic level (Urgel, 2007). Rather, EQUIS wanted to target top-quality international Business Schools. For EQUIS, internationalisation has always been its key dimension.

Given its European origin, the EQUIS model was firstly tested on top European Schools. This is the rationale that underlies the conviction that corporate connections were important. They have always been a key ingredient of the quality of European Business Schools, characterised by having strong corporate connections that facilitated students' development and allowed them to deal with the realities of their profession (Urgel, 2007).

It seems relevant to note that even though value is added to those Business Schools qualifying for each of the three accreditations their impact is not as strong as that of media rankings. In this regard, although IMD, INSEAD and LBS hold all three accreditations (AACSB, AMBA, and EQUIS), the field study showed that none of the three Business Schools views them as being particularly relevant. They are considered as standpoints in their decision to become global Business Schools.

6. Challenges

Business Schools play a central role in the context of the new economy and knowledge society (Starkey *et al.*, 2004). They face multiple challenges and driving forces, and at the same time, they try to balance the twin hurdles of academic rigour and business relevance (Pettigrew, 1997).

In the particular context in which Business Schools have been immersed during the last decades, the study identified those global trends that most critically affected the Business Schools during the period 1990–2004:

1. Dealing with globalisation;
2. Setting a clear strategic direction and positioning;
3. Achieving the right balance between business relevance and academic rigour;

4. Consolidating the economic model;
5. Differentiation and customisation of the value proposition due to increasing competition and selectivity in corporate demands;
6. Distance learning, propelled by the revolution in information technology and globalisation.

1) Dealing with globalisation

Among the challenges and opportunities that create opportunities for Business Schools to differentiate themselves from the crowd of business education providers, Hawawini (2005) emphasises the effects of globalisation on business education. Globalisation trends have encouraged the development of a market for internationally oriented and qualified graduates who are able to understand different cultures and work in a multi-cultural globalised society (Elkin *et al.*, 2005). To succeed in this endeavour, businesses depend on market selection and understanding of the business environment in these markets. This requires skills in managing functional areas, as well as an awareness of international differences in the way business is managed and how people interact (Shetty & Rudell, 2002).

As business has become increasingly international, it depends on Business Schools to meet its need for managers with global business skills. Managers in every part of an organisation need more knowledge and greater understanding of international business. Therefore, the role of Business Schools in supplying graduates with international expertise and the ability to deal with the complexity of the changing business environment has become ever more important.

Clearly, the internationalisation of business education is an obligation that Business Schools cannot afford to ignore (Shetty & Rudell, 2002). It is a strategic change for the future well-being of Business Schools, and has implications for their competitive advantage. In this connection, De Meyer *et al.* (2004) affirm: "Business Schools have no choice but to be international in a world in which business is global." (De Meyer *et al.*, 2004: 126).

Moreover, most accreditation agencies have required their member Business Schools to increase international business content and to address global issues in their curricula. Over the years, too, numerous authors have emphasised the importance of internationalising business education at all levels for all students (Shetty & Rudell, 2002).

Internationalisation has been viewed as a process of integrating international and/or intercultural dimensions into teaching, learning, research and service to the community (Orphanides, 2002). It has been characterised by an international direction in issues pertaining to scholarship, research, Faculty, students, and curricula, issues that have been much broader than just the export of education services (Orphanides, 2002).

In breaking down the concept of 'internationalising' into a series of dimensions, Greensted (2004) suggests the following: a clear international culture; internationalisation of the student body; internationalisation of the Faculty; internationalisation of the research; internationalisation of educational programmes;

and internationalisation of support services, physical resources, and stakeholder relations.

Facts show that Business Schools have used a variety of strategies to raise the bar on internationalisation. Current demands in the field of preparing business leaders for success in a global environment have forced Business Schools to re-examine their programmes and structure, establish programmes and campuses around the world, bring in international students and Faculty, establish an international curriculum, and reshape their organisations through alliances and joint ventures (De Meyer *et al.*, 2004).

In all probability, the internationalisation of a Business School is unlikely to be a completely smooth process; certainly, it must be supported by adequate resources. Various factors may hinder the development of programmes and policies; for example, a lack of adequate financial resources for major international initiatives. In an era in which overall governmental funding is in relative decline, there is not much chance that governments will invest specifically in internationalisation (Van Damme, 2004).

Besides the lack of funding, internationalisation is also confronted by a lack of explicit and coherent strategies, both at the national and the institutional level. At the level of national policy-making, huge differences exist between countries in the elaboration of international policies. At the institutional level, there are also important variations in the level of institutional commitment towards internationalisation, measured, for example, by the presence and internal institutional authority of the internationalisation office. In this regard, Van Damme (2005) asserts that the role of academic authorities as an integral part of their strategic leadership seems to be a decisive factor.

2) Setting a clear strategic direction and positioning

In defining their strategic positioning, Business Schools must seek to increase their competitiveness in the global market; to leverage their competences and distinctiveness in local and regional markets as a platform for positioning in the global market; to maintain "strong niche brands, yet provide high-quality management education" (Antunes & Thomas, 2007: 399). They need to adopt more effective governance structures and to make the appropriate strategic choices that will allow the School to cope better with competitive pressures (Hawawini, 2005).

As Lorange (2002) asserts, "academic direction setting is never clear-cut." In fact, over the period 1990-80, a number of respected management thinkers have asserted that Business Schools cannot be managed. For example, Cohen & March (1973) assert that in the university, each individual is seen as making autonomous decisions; a laissez-faire approach is the best way to manage strategic academic institutions. According to these authors, these organisations should be allowed to evolve incrementally, largely with the impetus coming from the bottom. In this regard, Lorange (2002) calls for a balance between top-down and bottom-up forces.

Other authors, such as Weick (1976), assert that these institutions can be managed, but only loosely. To them, managing a Business School strategically is an impossible task. Too often, academic institutions view management ideas and practices with scepticism.

The process of setting strategic direction to a Business School is not an easy task. It requires a clear sense of priorities and a clear focus; "strategy means choice" (Lorange, 2002: 1). But setting a strategic direction in the current Business School context is markedly different from setting a strategy in corporations, because its 'product', value creation, is intangible. In fact, the role of the Dean, though vital, is inherently different from that of the CEO. Just as in professional service firms, their top managers do not have the same power as do top managers in other organisations.

For the leadership of today's Business Schools, setting strategy means juggling many concerns, managing many forces, and making many difficult choices for value creation. This difficulty in setting direction and aligning systems, structures and processes, is more complex in Business Schools who depend on universities and the public sector. This is not the case with IMD, INSEAD and LBS (even though LBS is part of a university, it is autonomous).

3) Achieving the right balance between business relevance and academic rigour

On the one hand, Business Schools have been viewed with some suspicion by academics from the longer-established disciplines, who question the status of business and management as a proper academic discipline given that it is based on the fragmented borrowing of constructs, theory and methods from other, longer established, academic disciplines (Harrison & Leitch, 1996).

It was this criticism of their lack of strong scientific foundations that set Business Schools on a more mainstream academic trajectory. But the search for academic legitimacy created a distance between the concerns of the Business School academic and the field of business practice (Starkey & Tempest, 2005). Focus on research has led to an academic enclave that is increasingly hermetically and hermeneutically divorced from the concerns of the 'real' world (Starkey & Tempest, 2005). As Pfeffer & Fong (2002: 79) suggest, "Adopting the ways of other academic social science departments has produced a new set of problems including concerns about the relevance and centrality of Business Schools and business education to the world of management."

Scholars such as Bennis & O'Toole (2005) question whether Business Schools, and especially MBA programmes, are on the wrong track because business professors have focused on the scientific model when they should have focused on other critical requirements of the profession. They assert that today's Business Schools are packed with an intelligent, highly skilled Faculty but with little or no managerial experience. As a result, they cannot identify the most important problems facing executives and do not know how to analyse the indirect, or indeed long-term implications of complex business decisions. These authors conclude: "Things won't improve until professors see that they have as much responsibility for educating professionals to make practical decisions as they do for advancing the state of scientific knowledge" (Bennis & O'Toole, 2005: 103).

Pfeffer & Fong (2004) argue that Business Schools, in their quest for resources and status, have lost their way and their professional mission. Mintzberg

(2004), meanwhile, tackles Business Schools' overemphasis on scientific methods to teach management (Mintzberg, 2004), and thus, being increasingly 'irrelevant' to the needs of practitioners and failing in their basic mission – i.e. to prepare students for the profession of management.

In addition, scholars agree that Business Schools have a special responsibility to link fields of research with fields of action – that is, with the context within which managers do their work. Most commonly, Business Schools' research follows axiomatic, discipline-driven traditions (Lorange, 2002). Research usually focuses on a particular discipline that can often be too narrow to meet the needs of practitioners. Moreover, in their obsession with scientific rigour, Business Schools have forsaken other forms of knowledge that might be more relevant to the demands faced by executives (Bennis & O'Toole, 2005). Lorange (2005) asserts that in order to respond to current market demands, research should be more closely linked to real-life business, be more cross-functional in nature, and produce insights that have an impact when organisations apply them.

Consequently, their key function – i.e. "the creation and dissemination of knowledge" (Prince, 1999: 464), seems likely to be achieved through purposeful research about management and the role of business in the economy and society. In this regard, Starkey *et al.* (2004: 1529) affirm: "The Business School must pursue a four-fold knowledge strategy – knowledge for management, knowledge for society, knowledge about management and knowledge about society."

In the same vein, Trieschmann *et al.* (2000) suggest that today's Business Schools should strive towards two goals: knowledge exploration through research, and knowledge exploitation through teaching. Both exploration and exploitation are critical for the Business Schools' reputation. While the explorers (i.e. like-minded academics) create deep knowledge about organisations, the exploiters (i.e. students and practitioners) disseminate and apply that knowledge in the pursuit of improved organisational practice.

4) Consolidating the economic model

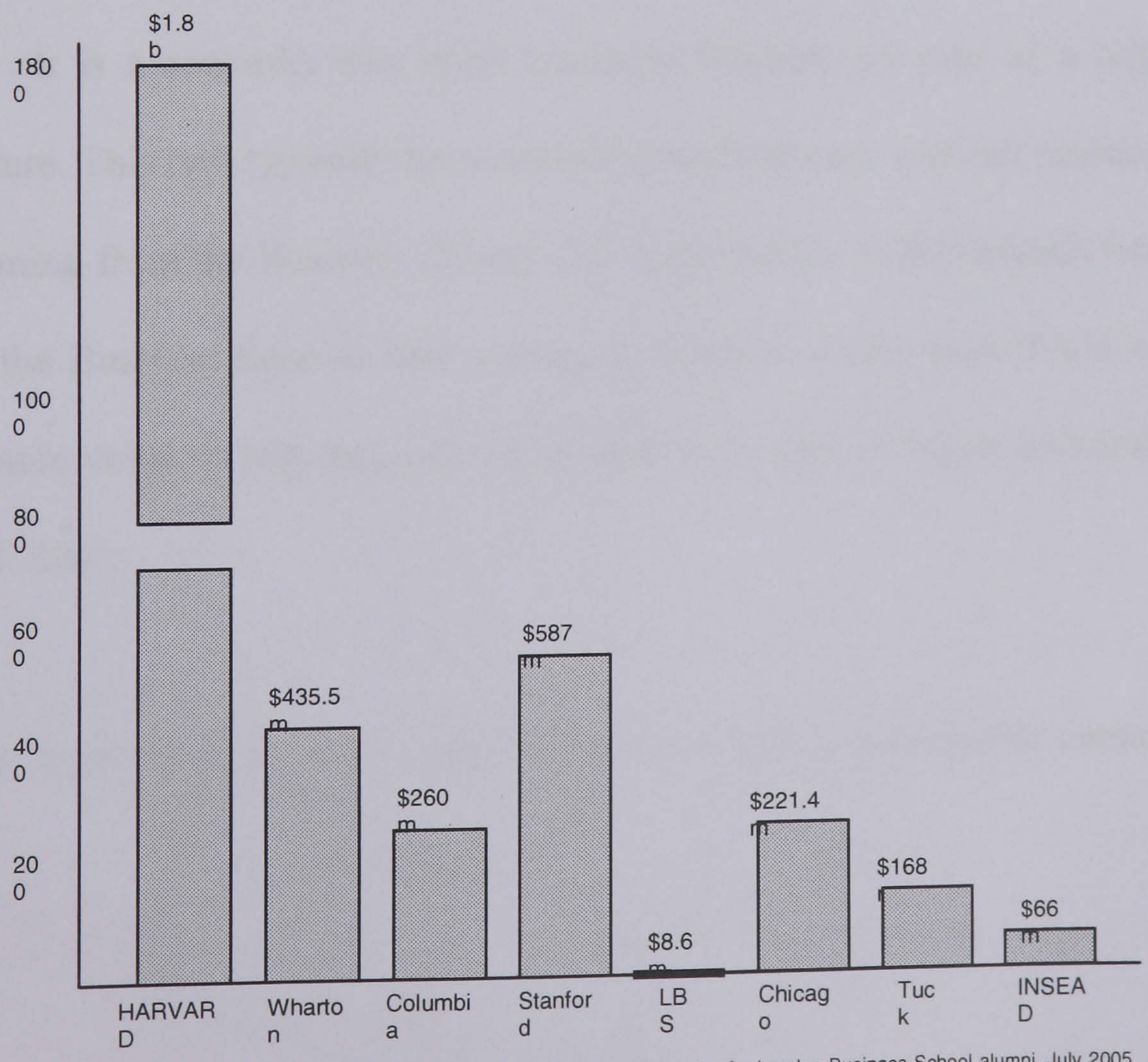
Most public Business Schools around the world are used to receiving some form of direct and/or indirect government support to complement their income from tuition fees, while private Business Schools rely primarily on revenues from programme fees to fund their activities (Hawawini, 2005).

However, governments around the world are seeking to reduce their support to Business Schools and are encouraging them to look for alternative sources of funding. Simultaneously, as competition intensifies, the higher margins that most Business Schools are currently receiving from their executive education programmes will come under increasing pressure, not only on the price side but also on the cost side. Likewise, the cost of designing and delivering executive education programmes will rise as corporate clients request courses that address firm-specific issues for which customised solutions are sought (Hawawini, 2005).

Moreover, financing investment in intellectual capital is expensive and it is likely to rise faster than the ability of Schools to raise tuition fees, increase the size of their student intake or launch new programmes (Hawawini, 2005). However, without a? top Faculty, Schools will find it increasingly difficult to attract top students and charge top prices. Thus, Business Schools that have the ambition to rank in the top tier face a major challenge, which rests on the need to develop strategies that will shape their economic model, adapting it to current trends.

Many Business Schools, particularly in the US, are seeking to build an endowment fund to provide a complementary income, besides the revenues of the School, to support academic research and development and investment in infrastructure. Accordingly, they concentrate their fundraising on strategic centres of excellence that take the form of academic institutes, centres and programmes.

Endowment of the 8 Top Business Schools



Source: Financial Times, Business Education, The Rankings, Alumninews – The Magazine for London Business School alumni, July 2005

However, this is not the case with most Business Schools outside the US, where there is no strong culture of fundraising, particularly those within countries in which education has usually been financed by governments. Thus, many Business Schools will face the need to undertake fundraising initiatives within a scenario that may lack a "culture of giving" (Hawawini, 2005: 12). Consequently, they will have to acquire the required fundraising skills and commit significant management and Faculty time to developing relationships that will generate sponsorship from alumni, and encourage corporate giving (Hawawini, 2005).

Other Business Schools will be run more like businesses. They will focus on balancing incomes and outcomes, and generate their own resources without expecting to receive government aid (Lorange, 2005). This involves a dramatic shift in the culture of a School, whose Faculty will need to focus on the way to generate resources.

It is noteworthy that most Business Schools are part of a larger university structure. This will typically have resource implications, with net resources flowing to or coming from the Business School (Lorange, 2002). In this regard, Lorange asserts: "For the Business Schools that manage to respond to the market and create relevant academic value, it may be particularly hard to be part of larger university structures" (2004: 200).

5) Customisation due to increasing competition and corporate demand

The ability to connect the needs of today's business schools' major learning partners/clients and, at the same time to 'catalyse' them to look forward is a critical challenge (Lorange, 2002). "Actual strategic direction emerges from balancing the bottom-up and top-down forces" (Lorange, 2002: 22).

As worldwide demand for business education has increased and new programmes have emerged in response, the range of options available to degree-seekers has broadened. The industry is no longer monolithic. Business education is delivered in a fragmented marketplace and in multiple formats. Today, increasing differentiation among providers of business education is a worldwide phenomenon. Generally, there are three broad categories of provider: traditional university-based Business Schools; for-profit institutions; and a large group of other providers that includes executive development centres, consulting firms, independent consultants (supplemented by Business School Faculty working privately), and company-based training centres and corporate universities.[7]

As for business education consumers, they are also increasingly heterogeneous in their needs and preferences. Business Schools have responded to the broad range of consumer wants and needs by developing a wide variety of programme formats along side their traditional two-year, full-time MBA programmes.[8]

In this regard, Van Baalen & Moratis (2001) affirm that a 1993 market survey conducted by Ashridge Management College on trends in learning preferences in executive education clearly shows a shift from structured expert courses delivered by

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[7] Report of the Management Education Task Force to the AACSB – International Board of Directors.

[8] Report of the Management Education Task Force to the AACSB – International Board of Directors.

experts or gurus in management towards courses that are tailored to specific individual and organisational learning needs.

In a world of fragmenting markets and ever-increasing competition, 'world-class' organisations put the customer at the centre of all their activities – i.e. all systems and staff are organised to service both external and internal customers. Moreover, customer-oriented Business Schools base their direction on their assessment of the market's needs. The customer-based focus provides the foundation for the organisation's vision, strategy and structure (Prince, 1999). This demand-driven focus stands in sharp contrast to the classic supply-driven focus, where Business School professors offer their courses as individual Faculty members with a typically narrow, discipline-specific focus (Lorange, 2002).

Thus, in striving to meet current market needs, most Business Schools have adapted their structure and offerings to satisfy customers' requirements. During the last few years, the range and ambition of customised programmes have grown rapidly. Business Schools have gone through a period of increasing demand to provide customers with global learning solutions that have a faster delivery time.

Custom-made programmes have mushroomed because companies want programmes that directly support their business goals. Corporate clients increasingly require courses with a proven successful application of learning back at the job. They also want their managers to own their learning throughout their career. Companies do not want their executives labouring through peripheral subject areas; they want them to be working at subjects and learning skills that will make a difference when they come back to work (Crainer & Dearlove, 1999).

Companies want to invest, together with their employees, in improving those employees' performance and the firm's results (Hawawini, 2005). This requires Business Schools to extend their links with clients out of the classroom and into their workplace and offer programmes that combine on-campus sessions with learning in the workplace (Van Damme, 2004).

6) Distance learning propelled by the revolution in information technology and globalisation.

From the 1980s onwards, as a result of the technological revolution in information technology and globalisation trends, management education was driven to incorporate distance learning. Thus, advances in information and communication technology have enabled many Business Schools to improve their pedagogical and delivery capabilities by using information technology as a pivotal learning vehicle, which has shaped and enhanced their strategy. Among the commoner applications are multimedia formats for research delivery and teaching tools; Web technology, including virtual classrooms and the setting-up and leveraging of Web-based learning and sharing of networks (Lorange, 2002).

Technologies are viewed as a highly efficient platform for international education without the significant financial and personal costs of moving students of Faculty to different parts of the world. Moreover, they can also make business research faster and more effective, with large databases and sophisticated tools that can significantly increase productivity and help to tailor empirical results to specific countries or regions (De Meyer *et al.*, 2004).

Distance-learning technologies, initially seen as offering the potential to overcome the limits of geographical location, bring the best teachers and experts in the world to students anywhere in the world (De Meyer *et al.*, 2004). They offer greater opportunities to supplement classroom education or in-person meetings and closely link people and activities around the world. This implies an advantage both for Business Schools and corporations. For the Business Schools, technologies enable them to reach a significantly larger number of students around the world and satisfy the surging demand for business education. They also provide the opportunity for Business Schools to respond to the new needs of companies for tailor-made management development programmes (Hawawini, 2005). As for corporate clients, technologies facilitate employees' development at lower costs.

Moreover, companies also want to invest, together with their employees, in improving employees' performance and their firm's results. "This requires Business Schools to extend their links with the clients out of the classroom and into their workplace and offer so-called blended programs that combine on-campus sessions with learning in the workplace" (Hawawini, 2005: 10-11).

7. Some implications for the SLP in Business Schools

This chapter has enabled a description to be provided of the external environment of the Business School industry. From the 1990s, the globalisation of the economy, promoted by technology, has introduced a dynamic of major competitive pressure that is pushing/is compelling Business Schools to adopt a clear definition of strategic direction, in terms of three main issues (Thomas, 2007):

1) Academic model (Faculty profile, type of research orientation – i.e. academic vs. practical orientation, portfolio programmes both in executive education and graduate education);

2) Economic model (Financial sources for sustainability – i.e. operating incomes, fundraising, endowment);

3) Market positioning (niche strategies at national or regional levels, or global positioning).

Within this context, strategic leadership is gaining momentum. By defining, setting, and implementing a clear strategic direction, it will be able to create a differentiated value proposition.

STRATEGIC LEADERSHIP PROCESS IN BUSINESS SCHOOLS

A Political Perspective

by

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Chapter V: IMD

1. The study of the Strategic Leadership Process (SLP) at IMD over time from a political perspective

The Institute for Management Development (IMD) was founded in 1990 in Lausanne through the merger of two Swiss Business Schools (IMI -International Management Institute- in Geneva, and IMEDE -Institut pour l'Etude des Méthodes de Direction de l'Entreprise- in Lausanne). It does not belong to any university. It belongs to a foundation, the Board of which is made up of 50 executives elected from leading client firms from different countries across the world.

IMD is a major international player in the international management education market. Despite its short history IMD has built a strong reputation for its widely international executive education and full-time MBA. Given the difficulties that the School had to overcome through the merger process, the fact that IMD is the result of the merger of two educational institutions with different cultures (IMI, with its focus on the geopolitical and macro environment and IMEDE, case-teaching oriented and bent on the provision of management skills to worldwide executives) has enriched IMD's background story. This makes the study of strategic leadership as a social influence process at IMD, particularly attractive.

IMD regards three issues as key to shape the international environment for executive development: (1) it finds itself immersed in a highly competitive and fragmented market that involves a large number of Business Schools, consulting firms and other actors; (2) the demand for high quality executive development is growing rapidly as people are increasingly recognising it as the critical 'strategic resource' in business; (3) there is a significant awareness that successful companies need to coordinate their learning activities in order to achieve more effective and holistic outcomes.[9]

With relation to its key market, IMD's activities are aimed at middle and senior executives from worldwide companies. Its internationality is reflected in the widely diverse geographic origins of its participants. Approximately 50% come from Europe, 27% from Asia, 3% from Australia and Africa and the remaining 20% from the Americas (50% from Latin America and 50% from North America).[10]

Moreover, its internationality is also evident in the School's research that is focused on general management, rooted in international business. Just as professional schools (AIM/EBK, 2006) do, IMD's activity has as its primary focus the improvement of management practice. Its principle stakeholders are business people who regard IMD's high organisational impact as a key enabler of economic growth. Thus, its research is customer oriented, and aims at outweighing business relevance directed towards the solution of current business dilemmas.

Research intensity at IMD has grown over the last years and it aims at making the School lead the market and be led by the market. Accordingly, it emphasises the importance of business relevance in addition to academic quality. All IMD programs are strengthened by research and material development, complemented by the

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[9] EQUIS II 2002 IMD Self-Assessment Report – Archival Material.

[10] Peter Lorange, IMD President.

International Learning Network made up by IMD's key corporate clients (around 152 companies between corporate partners and business associates).[11]

However, it seems relevant to note that IMD's emphasis on business relevance, underestimating the importance of academic rigour, is disapproved by the academic community. In this regard, some people agree IMD's academic model is not comparable with top US and European Schools' with high academic research standards. An example of this is the fact that INSEAD and LBS do not consider IMD as a competitor. They concur their model is more US-influenced whereas IMD's is more applied research. Thus, INSEAD and LBS people believe this significant difference with regards to research orientation highly impacts how they are both positioned and compete in the global arena.

Its core resource, about 55 full-time Faculty, has two relevant features: (a) it has neither tenure, nor titles, all Professors having the same status, nor (b) academic departments in an intent to avoid barriers and to promote teamwork. This has been part of the strategy of the School since Peter Lorange's arrival as IMD President in order to keep a *'minimalist organisational approach'*.[12]

Further, many international companies hold IMD in high esteem as can be seen by its Alumni network of about 55,000 individual executives from 143 countries worldwide[13] who have participated in a program at IMD during some period of their lives.[14] There are also 42 Alumni Clubs in 31 countries.[15] Another indicator of the way

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[11] EQUIS II 2002 IMD Self-Assessment Report – Archival Material.
[12] Peter Lorange, IMD President.
[13] www.imd.ch
[14] Annie Tobias, Director of IMD Learning Network.

in which international companies highly respect IMD is the longevity and success of IMD's Corporate Partners and Business Associate Network, which entails close relationships between IMD and the 170 multinational, regional and national companies from more than 20 different countries that integrate the network.

Although it is a new School, IMD has achieved outstanding prestige. Since 1998, leading journals *(Financial Times, Business Week, Forbes, Economist Intelligence Unit* and the *Wall Street Journal),* have considered it among the top Business Schools worldwide and the top three in Europe according to the rankings of the top management education providers.

Thus, due to its present positioning among European Business Schools and the major *raison d'être* of the merger that gave birth to its creation –to strengthen its competitive position in the international market place, it could be said that IMD has always aimed at fulfilling its vision: *'to provide the best global experience in management development'*.

This study does not pretend to qualify IMD's case as a successful and a concluded story. It is just focusing on the analysis of the SLP as a social influence process, throughout its first 14 years of life. This period of time is interesting because it overarches every event since the School's foundation and thus, enables to understand the SLP in observing the construction and execution of the School's strategic agenda, over time.

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[15] www.imd.ch

Moreover, 1990-2004 is a period of time characterised by geopolitical and economic changes. IMD had to overcome a number of problems arising from operating in a highly competitive market, the consequences of the fall of the Berlin Wall for Europe, an economic crisis triggered by the Gulf War, the coming of the European Union that resulted in monetary union, and the globalization trends that affected the management scenario. It seems particularly interesting to observe environmental facts unfolding over time and how they impact on the School shaping and moulding the construction and execution of the School's strategic agenda, over time.

2. Overview of the History of IMD[16]

The case study will divide it in three different periods (*'social dramas'*[17]) using turning points that have propelled important changes in the direction of the School (See Appendix I): 1) ***merger*** between 1990 and 1992; 2) ***transition*** between 1992 and 1993; 3) ***consolidation and success*** between 1993 and 2004. The 'social dramas' at IMD were the points of leadership succession as the School changed from Dean to Dean.

The study will visualise *how* the SLP seeks to operate along the chosen *strategic issue* that will act as *vehicle* for its operationalisation—*becoming a top international Business School.* Accordingly, such *strategic issue* will be examined through the *set of initiatives* or *episode* that triggered decisions and actions aimed at achieving it (See Table 12). For example, the first episode is related to a number of

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[16] See Appendix 2 for further history of IMI & IMEDE

[17] Pettigrew (1979)

initiatives undertaken by Dean Juan Rada with the purpose of making the IMI & IMEDE merge successful. The second episode describes those initiatives carried out by Xavier Gilbert as IMD's Interim Dean, in order to restore the School's financial situation. Finally, the third episode refers to those initiatives during Peter Lorange's tenure, undertaken with the purpose of taking the merge and creation of the new School to a stage of consolidation and success.

Table 12: Strategic issue observed through three episodes in each Deanship

Business School	**IMD**		
Strategic issue	***Becoming a top international Business School***		
Period	1990 – 1991	1992 - 1993	1993 - 2004
Set of decisions & actions to promote	Making the IMI & IMEDE merge successful	Restoring the School's financial situation	IMD's consolidation & success in the top league of management education

3. An internationalised and changing environment

During the end of the '80s and the beginning of the '90s, the world and particularly continental Europe, faced tumultuous changes. These were times of great importance for the development and consolidation of the European Community, which during the '90s, became the European Union through the ratification of the Maastricht Treaty (signed in 1992), in November, 1993. This standpoint provided the member states for economic and political integration. Thus, common policies were developed in a very wide range of fields: a single market, a single European currency, common citizenship, common foreign and security policy, a more effective European

Parliament, and a common labour policy. Each of these goals presented important challenges, such as setting up a new monetary policy.18

Furthermore, other regional markets also appeared in North America, South America and Asia. This escalation of world commerce was intensified by the development of technology with the appearance of the Internet, which triggered a revolution in communications. Technology created the possibility and even the likelihood of a global culture. The Internet, fax machines, satellites, and cable TV swept away cultural boundaries.[19] The world started to be considered a 'small village', where country boundaries appear to be more permeable particularly with regard to the exploitation of global brands such as Microsoft, Disney, etc. In addition, enormous number of potential opportunities for new business and investments appeared. This led the business industry to find itself facing the need of adaptation to these profound changes, which were transforming the regional market into a global one.

These events were reinforced by the fall of the Berlin Wall in 1989, together with the Gulf War in 1991 and various financial crises in different countries. Consequently, these were times characterized by geopolitical changes and technological transformations. Barriers fell and new markets emerged. These events were accelerated by the emergence of the Internet. This new era, 'globalisation', affected business in such a way that new opportunities emerged.

However, processes of economic globalisation over the last few decades have not only dramatically altered the way business is done around the world, but have also

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[18] www.europa.eu.int The EU at a glance – The History of the European Union.

[19] www.globalpolicy.igc.org Globalization and Culture.

greatly impacted political, social and cultural landscapes.[20] The business world was forced to adjust to this new scenario. The creation of global brands, a truly global market, and the ability to move money around the world in nanoseconds required educating managers to navigate this tumultuous environment successfully.[21] Managers needed to be able to think internationally, taking into consideration the state of the world at large in the implementation of strategic decisions. They needed management education, which would provide them with the tools needed to face new trends.

At the same time, the marketplace for Business Schools became characterised by relentless change. As the worldwide demand for business education increased new programs emerged in response, and the range of options available to those who looked for answers on the management education industry broadened. Accordingly, Business Schools were urged to re-shift their focus to respond to emerging priorities and challenges.[22]

The foregoing description is the context in which IMD started up its activities. A context characterised by internationalisation, change and a highly competitive market made an impact on the business industry and triggered its need to develop new skills that enabled companies to adapt to the current issues. It was this that prompted the business industry to look for the increasing support and advice of Business Schools. In time, these circumstances affected IMI and IMEDE to such an extent that

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[20] Reed (2004).
[21] Wankel & DeFillippi (2004).
[22] Report of the Management Education Task Force to the AACSB—International Board of Directors (2002).
Van Baalen & Moratis (2004).

their Foundation Boards decided on the merger with the purpose of becoming a top international Business School.

4. Merger (1990 - 1991)

4. 1. The decision to merge

Since 1957, there had been various, unsuccessful attempts to merge both IMI and IMEDE. However, it was not until December 1988 that members of both IMI and IMEDE Foundation Boards met to discuss their concern for these two Schools. Most of them belonged to the Swiss business industry and since they were influenced by the current changes within the business scenario (globalisation trends, geopolitical and economic changes), they decided that it would be beneficial to create a big international Business School large enough to be not only financially and academically sustainable, but also relevant at a world class level—a top international Business School. Although both IMI and IMEDE had considerable success and reputation, they lacked adequate critical size and financial sustainability needed to adjust to the demands of the market and to be able to have access to a competitive position within the business education market in the new international setting.

Amongst those attending the December 1988 meeting, were: Helmut Maucher (Chairman of the Board of Nestlé SA during the period 1982-2001), Louis Von Planta (President of the Board of Directors of Ciba-Geigy during the period 1972-1987), Alex Krauer (Von Planta's successor), Stephan Schmidheiny (Chairman of Anova AG), and Paul Jolles (Chairman of Nestlé at the IMEDE Foundation Board). They all had the purpose of finding a solution to their current dilemma. "What were the reasons for the merger? Critical size –both [Schools] did not have critical size for a Business School— and long term financial liability —we had to create something which [...] had less dependency on one company."[23]

Considering that to have two medium sized Schools in Switzerland, only 60km. away from each other (one in Geneva and the other in Lausanne) did not make any sense, they decided that the best solution would be to merge both of them into a new one. They would create a new Swiss Business School that would be larger and that would have no subsidies from any company for its operative budget. Thus, IMI and IMEDE were merged into IMD, the major rationale of the merger being to strengthen the School's competitive position in the international arena. Immediately, the people at the December 1988 meeting created a Transitional Board. Table 13 presents its members.

Table 13: IMD transition period

Member	Position at the Board
Kaspar Cassani (former Head of IBM-Europe)	Chairman
Louis Von Planta (Ciba-Geigy)	Vice-Chairman
Helmut Maucher (Nestlé)	Member
Stephan Schmidheiny (Alcan)	Member

Cassani had been member of the Foundation Board of IMEDE representing IBM so he knew IMEDE well. However, he also knew IMI because he had once attended a top executive seminar at that institution and therefore an alumnus.

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[23] Kaspar Cassani, former Chairman of the IMD Foundation Board.

So the merging process was put in place. It was largely driven by the Boards of both Schools. Neither the Deans nor the Faculty participated in the decision to merge. Some of the former IMEDE Faculty members recall a meeting in Nestlé where they proposed alternatives to the merger but their opinions were not considered.

The Foundation Board not only took the decision to merge but also chose Lausanne (where IMEDE campus was located) as the place where the new School would be located. In order to compensate the IMI people for their decision to establish the new School in Lausanne rather than in Geneva, they chose the IMI Director General, Juan Rada, to become the new IMD Director General. "As usual in merger situations, the whole thing ends with a kind of compromise: the chosen location was Lausanne, but then, of course, IMEDE had to give Geneva something and therefore the chosen Dean would come from IMI."[24]

Figure 13 illustrates IMD Chronology (1989-2004). It illustrates the different social dramas characterised by the merger challenges (Juan Rada's Deanship), the period where restoring the School's financial situation and setting order were the key priorities (Xavier Gilbert's interim Deanship), and finally, the period in which the School's identity was shaped and the School began to grow (Peter Lorange's Deanship). In addition, Figure 15 also depicts the evolution of the IMD Foundation Board and other structures of the governance of IMD: such as its Executive Committee, the Business Advisory Council, the Academic and Research Advisory Council and the IMD Director General Search Committee.

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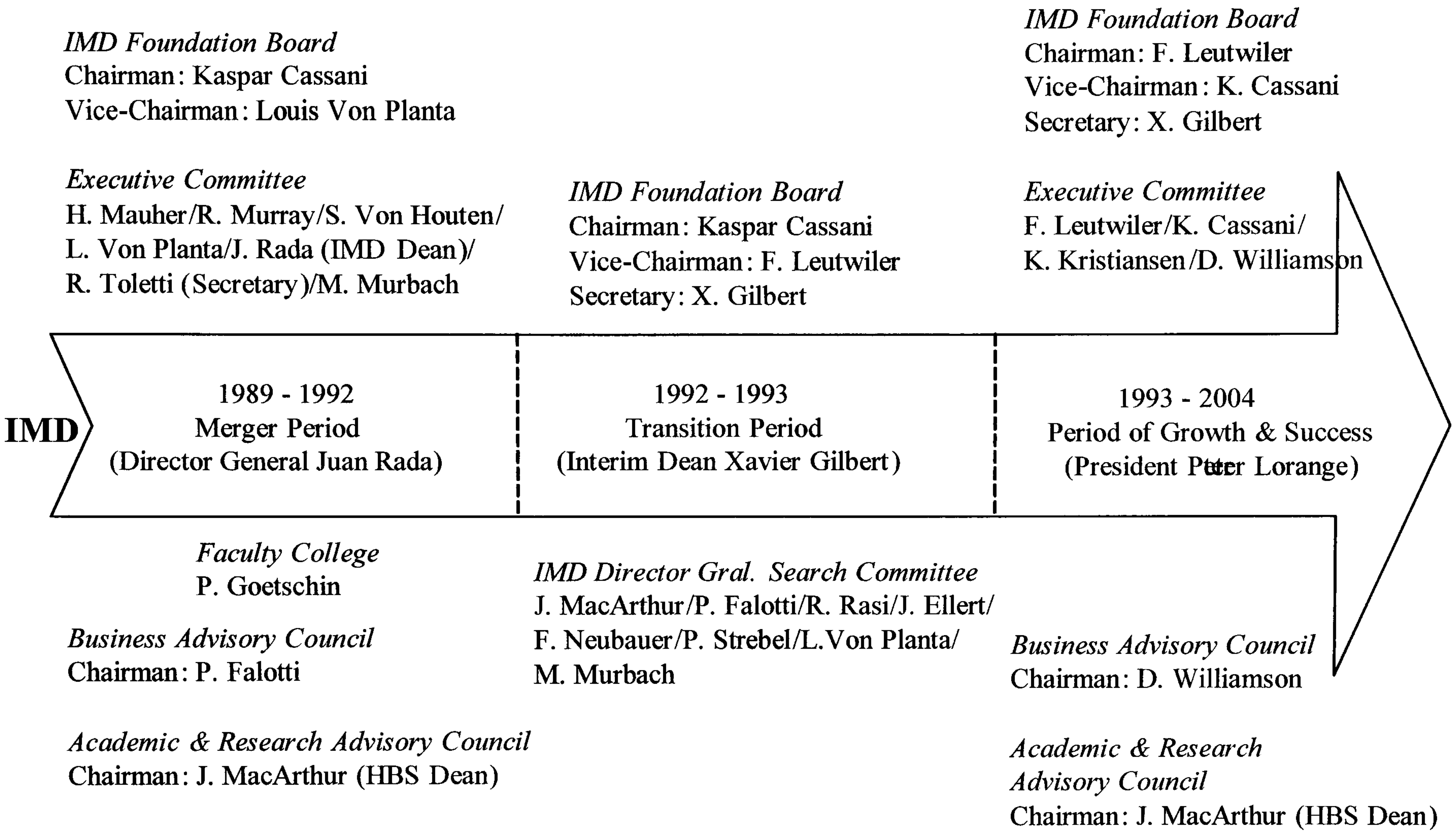
[24] Heini Lippuner, former Chairman of the IMD Foundation Board.

Figure 13: IMD Chronology (1990 - 2004)



4. 2. Merger: 1990 – 1991

As soon as IMD was founded in 1990, the IMD Foundation Board was established. Several members of the Boards of both IMI and IMEDE became members of the IMD Foundation Board. The Board was quickly expanded various CEOs from national and international companies were invited to join it (98 international companies from 26 countries). Moreover, the Business Associate Network, an IMI legacy (created by Bodhan Hawrylyshyn in 1975-1976), was also expanded (74 Business Associates and 24 Sponsors).

Table 14 shows the executives who formed the Executive Committee of the IMD Foundation Board. This committee reviewed the overall business situation. IMD's strategic direction was carried out by the Management Committee (Table 12).

Table 14: Executive committee of the IMD Foundation Board

Member	Position at the Executive Committee
Kaspar Cassani	Chairman of the IMD Foundation Board
Helmut Maucher	Chairman of the Board and CEO of Nestlé SA
Richard H Murray	Chairman and CEO of Minet International Professional Indemnity Ltd
George S Van Houten	Board of Management of NV Philips' Glowilampenfabrieken
Louis Von Planta	President of the Board of Directors of Ciba-Geigy and Vice-Chairman of the IMD Foundation Board
Juan Rada	IMD Director General
Robert G Toletti	Secretary of the Executive Committee
Max Murbach	Advisor

Table 15: IMD Management committee

Position at IMD	Member	Former School
Director General	Juan Rada	IMI
MBA Program Director	Francis Bidualt	IMI
Director, Program Coordination	Robert S Collins	IMEDE
Chairman of the Program Development Committee and MBA Program Director	James Ellert	IMEDE
Academic Support	Arie de Koning	
Director of Research and Development	Michael D Oliff	IMI
PED Program Director	Christofer Parker	
Executive Director	Robert Toletti	
Director In-Company Programs	André Vandermerwe	IMI

A Business Advisory Council was constituted under the Chairmanship of Pier-Carlo Falotti (President and CEO, DEC International Europe). Its objective was to assess IMD's strategy in terms of direction, scope and completeness; and it would give recommendations on Faculty, image, content and packaging of programmes. This Council would assist IMD in preparing people to respond to and drive continuous change in a competitive environment, without sacrificing quality.

Finally, there was an Academic and Research Advisory Council whose Chairman was John McArthur, Dean of Harvard Business School at that time. It assessed IMD Faculty on issues referring to teaching and research.

As soon as he was appointed Director General of IMD, Juan Rada presented his strategy to the Executive Committee of the IMD Foundation

Board. He called it "evolutionary, but not revolutionary"[25]. Its main thrust was to increase the partnership with industry through a number of changes in the nature of the educational offerings, such as a portfolio approach to offerings, participants and change of design of offerings. There was a strongly-felt need to protect the core business of the School and its international orientation.

Rada's IMD strategy consisted of five aspects: firstly, to emphasise the primary importance of open-enrolment programmes; secondly, to introduce partnership educational development programmes with industry; thirdly, to introduce a second division of the MBA in 1993; fourthly, to demand greater selectivity in IMD's private programme offerings (i.e. limited in-company or consortium to sponsors); and finally, to demand more selective and better targeted research projects (i.e. more selective and oriented to IMD's corporate clients' needs).[26]

In this regard, the IMD strategy between 1991 and 1995 looked forward to meeting two requirements: "respond to client demands and achieve excellence."[27] In order to do this, there were two key elements: "strengthen the partnership with industry; add organisational learning to management development." [28]

However, Rada believed that in order to face a fast-changing era of international business, managers needed to combine functional skills with a

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[25] Minutes of the Executive Committee of the IMD Foundation Board Meeting on March 27th 1990 – Archival Material.
[26] IMD Strategy 1991-1995 – Archival Material.
[27] IMD Strategy 1991-1995 – Archival Material.
[28] IMD Executive Summary, October 1st 1990 – Archival Material.

broad general vision to appreciate trends both within a company and outside. Thus, IMD would provide managers with a genuine international style, practical implementation, integrative research, and a strong partnership with industry.[29]

As for executive education,[30] Rada structured the educational portfolio around four complementary groups of programmes focusing on the different elements required in the education of an executive at different stages of his/her career: firstly, managing the corporation; secondly, developing managerial competence; thirdly, implementing change; and finally, broadening functional expertise.

In relation to research and development,[31] the focus was on the customer's needs (e.g. the 'Manufacturing 2000 Project' with 11 companies joining 'The World Competitiveness Report'). International industry partners, IMD Educational Programmes and IMD Institutional R&D Projects were all considered as being interconnected and interrelated to each other. Two premises guided the R&D focus: on the one hand, the convergence of functional disciplines; and on the other hand, the collaboration of industry partners.

For the implementation of this strategy, about 15 additional Faculty would be hired over the next three to five years. This need, combined with

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[29] IMD 1990 Annual Report – Archival Material.

[30] Minutes of the Executive Committee of the IMD Foundation Board Meeting on March 27th 1990 – Archival Material.

[31] Minutes of the Executive Committee of the IMD Foundation Board Meeting on March 27th 1990 – Archival Material.

research, required that IMD add about SFr 10-14 million. to the current level of revenues over the next three to five years.[32]

Thus, both the Board and the Dean focused on the success of the new School. They set up a governance structure, policies, rules and strategies for this purpose. However, the fact that the Faculty had not participated in the merger decision brought great discontent to the School. Even though they understood the reasons for the decision to merge, they did not agree with it. They wanted to participate in the School's key decisions and were annoyed that the merger had been negotiated at Board level. "So the negative reaction was more to the process of decision making not to whether or not it was a good decision."[33]

Besides, trustees may have underestimated the impact of the reality that both faculties had been rivals for many years.[34] "They were two radically different cultures. [...] I realised this during the merger process. IMI had been founded by Alcan, a business that has long term return on investment and therefore, is interested in geopolitics, in social stability. [...] IMEDE was founded by Nestlé, which is a business of short-term cash flow, with a radically different perspective, and which is interested in the management functions and marketing in particular."[35]

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[32] Minutes of the Executive Committee of the IMD Foundation Board Meeting on March 27th 1990 – Archival Material.

[33] Kamran Kashani, former IMEDE Faculty, IMD Faculty.

[34] Jim Ellert, Xavier Gilbert, Derek Abell, Kamran Kashani, Jan Kubes, Juan Rada, Fred Neubauer.

[35] Juan Rada, former IMI Faculty, former IMD Faculty.

These differences were evidenced in each School's Faculty composition, in their teaching methods, and in the types of programme offered. Moreover, IMI Faculty had to move to Lausanne, while the IMEDE Faculty had to accept a new Dean coming from IMI. So everybody felt uncomfortable and annoyed.

Given this situation, the challenge for Juan Rada was enormous. He realised he was the Dean of a School which had a Faculty characterised by disparity of interests, different backgrounds and perspectives on what the Business School should be, and which was extremely dissatisfied with the way in which decisions had been handled.

Moreover, he realised that he needed to motivate this new Faculty to set aside their negative feelings towards the present situation and to build the identity of the new School, its vision and strategy within this internal context of discontent and mistrust. He was aware that joining the two different Faculty groups into an IMD Faculty required a sense of belonging to the new School. He actively intended to involve the Faculty in the design of strategy and policies related to research activities, portfolio programmes, and Faculty work systems, among others. In this sense, different committees were created with a broad participation of the Faculty.

Rada presented a list of 13 internal policy rules and procedures which were developed together with Faculty Task Forces.[36] Their basic concepts overarched the following five issues:

1. Transparency in substance and processes;
2. Up to 20% of time available for consulting;
3. Annual measurement of Faculty performance through plans and objectives;
4. Three professional ranks (Assistant/ Associate/ Full Professor) and no tenure;
5. Director General to be responsible for applying the policies.

Rada made himself accessible to everyone at IMD. All professors could easily reach him. People agree Juan Rada was capable of listening to everyone and considering different perspectives within the heterogeneous Faculty.

In general, most of the Faculty recognised that Dean Rada was a clever person with strong analytic and strategic thinking capability. But at the same time, the turbulent circumstances that he had to go through with a Faculty which was divided and had no interest in the merger, dragged him into a situation in which decisions were rather difficult to make and execute. Unfortunately, some people interpreted this as a personal flaw related to a lack of decision-making ability; a feeling that contributed to the climate of discontent and discomfort.

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[36] Minutes of the Executive Committee of the IMD Foundation Board Meeting on March 27th 1990 – Archival Material.

Thus, it "was a painful process."[37] The different styles and perspectives of the former IMI and IMEDE Faculty made the merger very turbulent. What was more, there was a lack of clarity as regards the direction of the School and the decisions which would be undertaken. There was much confusion and uncertainty.[38]

In this sense, some IMD Faculty members recall the growing tendency towards individual agreements. This trend contrasted with the values IMD intended to instil, and thus created a climate of lack of transparency, lack of trust, and lack of understanding of what was really going on. IMD was an interesting international place to be in, with an interesting international background. But nobody knew if it would survive.

Fred Neubauer – former IMI and IMD Faculty - remembers, "The early stages were very rough. And if you want, I'll take off my shirt to show you the scars on my back. It was very difficult. And I personally must say I never felt as insecure in a job as at that point in time year. You never knew what would happen next."[39]

In addition, the Board was strongly focused on the School's performance while Rada's aim was to carry out the merger successfully, unifying the culture of the Faculty and developing his vision of the new School's profile. On the other hand, the main purpose and chief anxiety of Cassani, the Chairman of the Board, was to maintain the budget at break-even.

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[37] Jim Ellert, former IMEDE Faculty, IMD Associate Dean.

[38] Fred Neubauer, Xavier Gilbert, Jim Ellert, Jan Kubes, Kamran Kashani, Juan Rada

[39] Fred Neubauer, former IMI Faculty, IMD Faculty.

The Board felt a sense of ownership towards IMD, so Cassani wanted the Business School to succeed. In this regard, Juan Rada asserts, "Cassani cared for the numbers. He wanted them to remain black."

As for IMD's financial performance, though the first year – 1990 – was excellent, the second year was disappointing with an operating loss of SFr 880.000. The economic dislocations originating in the Gulf War impacted negatively on the School. Consequently, results in 1991 were not as good as budgeted. Most customised programmes were cancelled.

As a result, there was a shortfall of SFr 1.2 million in programme revenues. This was partially compensated for by better non-programme revenues, but overambitious plans, particularly in R&D, support services and external relations led to an unhealthy increase of manpower and total operating expenses.[40]

Thus, the Chairman of the Board provided solutions for the weakened situation and stated: "Efforts will be sustained to streamline the portfolio and reduce overheads. [...] The 1992 budget directions call for 'conservative revenues and tight expenses'. The budget will be monitored quarterly with monthly tracking reports."[41]

Thus, strong measures such as a hiring freeze and reduction of the headcount; cutbacks in operational expenses; reduction of the support structure;

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[40] Minutes of the Executive Committee of the IMD Foundation Board Meeting on October 15th 1992 – Archival Material.

[41] Fourth meeting of the IMD Foundation Board, November 7th 1991 – Archival Material.

re-assessment of R&D organisation; stimulation of revenue sources were taken to avoid a loss, and a modest surplus was thought to be possible.

Annoyance and discontent kept growing. The continuous debate and the lack of clear direction triggered the Faculty's decision to create a Committee called the 'Faculty College', "A 'think tank', which –while not being a decision instrument- [could] influence in a positive manner the orientations and decisions."[42]

Rada was never consulted regarding the creation of the Faculty College. Moreover, he was 'invited' to participate of the Committee's meetings, not to Chair it but as a member of the Faculty. This College met once a month and it discussed IMD's evolution. It was not a Faculty meeting. Rather, it was a form of assembly of the Faculty to discuss issues of the School; a steering group of governance that created pressure on the Board through its Faculty representative, Pierre Goetschin (Chairman of the College). Its mission was not to make any decisions but to identify issues and also to control the Director.[43] The Faculty College persistently informed the Board of its dissatisfaction.

Juan Rada found himself in a difficult situation. His position as Director General was not strong enough since he could not impose any decision without being stopped by the Chairman of the Board. He knew that gaining Board and Faculty support was critical. However, the fact that they all had different interests hindered him from making any decisions and implementing them. On

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[42] Fourth meeting of the IMD Foundation Board, November 7th 1991 – Archival Material.
[43] Fourth meeting of the IMD Foundation Board, November 7th 1991 – Archival Material.

several occasions he asked the Board to grant him more attributions that would enable him to manage this particular situation of the School, including the competence to ask those people who interfered in the execution of his decisions to leave.

The difference between the priorities of the Chairman, who focused primarily on the School's operating budget, and those of the Dean, who prioritised the development of the new School strategy, triggered major confusion and dissent. Rada made decisions which he could not execute since they were usually thwarted by the Chairman's actions. This brought much dissent and misunderstanding among the entire Faculty. Moreover, the Swiss enterprises could see that this confusion was leading the School towards a low performance level, so they assigned an administrator who would act as a mediator[44] advocating for the Board's interests. Thus, the first three years were very painful.

Even though Rada made an enormous effort to try to manage IMD successfully, he could not do so. He "tried to go much more through formal processes. So he was very contentious in forming committees. We had transitional committees for the merger period, the management committee. We had committees that were working on policies. So the intent really was to be careful to ensure that in the formation of those committees there was balance between the two Schools. To get that balance, it meant that the committees were typically large rather than small. And a lot of consensus-building he tried

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[44] Juan Rada, former IMI Director General, former IMD Director General.

to do through the Faculty meetings and the Faculty retreats."[45]

Despite his persistent efforts to achieve consensus, the processes of decision-making and execution became slow and difficult. Moreover, results of the School's performance during the year 1991 confirmed that the increasing costs were not matched by increasing profits in the same proportion.

Some people remember that Rada had positive traits such as strategic analysis, participation with the Faculty in the School's strategy and policies, and consensus-building. However, his position required the capacity to execute decisions. The combination of the merger and the external position required a firm leadership style and clear authority. His leadership style and the organisational difficulties complicated the situation. As a result of this situation, Rada's credibility and authority were weakened and his relationship with the Board was unsustainable. This situation led him to resign.

Towards the end of his Deanship, Rada outlined several suggestions for change in the governance structure of IMD. Among these suggestions, he highlighted the need for a division of authority between the Director General and the Chairman. "The function of the Chairman should be clearly that of a non-executive Chairman."[46]

Xavier Gilbert (former IMEDE Faculty, IMD Professor) was asked to become the Interim Director for a period until the Search Committee appointed

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[45] Jim Ellert, former IMEDE Faculty, IMD Associate Dean.

[46] Suggestions for Change in the Governance Structure of IMD by Juan F. Rada, March 1992 – Archival Material.

a new Dean for IMD. "It had to be somebody who would be accepted and recognised by the majority of the Faculty."[47]

Meanwhile, a Search Committee was appointed with the purpose of finding a new Dean for IMD. Its Chairman was John McArthur, Dean of HBS and Chairman of the Academic and Research Advisory Council. Table 16 shows the members of the Search Committee.

Table 16: Search committee

Member	Precedence
John Mc Arthur (Chairman)	Dean of HBS Chairman of Academic and Research Advisory Council
Pier Carlo Falotti	Chairman of Business Advisory Council
Rolando Rasi	Member of Executive Committee
Jim Ellert	IMD Faculty Former IMEDE Faculty
Xavier Gilbert	IMD Acting Director General Former IMEDE Faculty
Paul Strebel	IMD Faculty Former IMEDE Faculty
Louis von Planta	President of Board of Directors of Ciba-Geigy Vice-Chairman of IMD Foundation Board Executive Committee of IMD Foundation Board
Max Murbach	Advisor of Executive Committee of IMD Foundation Board

But when Gilbert realised that all the professors who joined the Search Committee had been IMEDE Faculty, he decided to step down to make sure that there would be no conflict of interests for the former IMI Faculty. So, Fred Neubauer (former IMI Faculty) was invited to replace him.

As regards the new Dean, the Search Committee looked for someone who had not been involved in the merger because they believed an 'outsider'

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[47] Kaspar Cassani, former Chairman of the IMD Foundation Board.

would benefit the merger process. So the criteria that they followed included four issues: firstly, the new Dean had to have an international background. Secondly, he or she had to be somebody who had experience in running a Business School. Thirdly, he or she had to be a researcher, someone publishing influential work in the literature so that he would have credibility. Finally, he or she had to be a good teacher. Not many people met these criteria.

4. 3. Analytical tracing of critical 'issues' during the merger episode

Thus far, this part of the study has referred to the number of initiatives set by Dean Juan Rada during the *merger* episode, between 1990 and 1991. The underpinning driver of these initiatives relies on his intention to shape the School's academic model and portfolio programmes. This purpose was clearly aligned with Deans' MGI related to building and executing the School's strategic agenda. In this regard, the Dean prioritised the medium- and long-term strategic agenda over short-term MGI such as performance and Faculty and Board support, both clearly prioritised by the other two key actors (Board and Faculty) (See Table of MGI in Appendix).

In trying to move a step forward in the understanding of the SLP (strategic agenda-building and -executing) over this *episode* from a political perspective, the study focused on different strategic initiatives *raised* to the strategic agenda by Dean Juan Rada with the purpose of making the merger successful.

4. 3. 1. Critical elements in Juan Rada's failure to impose his vision

Several strategic initiatives attracted attention subsequent to the decision to merge IMI and IMEDE to create the new School, IMD. On behalf of the Board, economic performance in the short term was clearly prioritised because of the critical economic and financial situation of the new School. This, in fact was such a substantive problem for IMEDE and IMI, that not only did it trigger the merger process, but also it became a key part of the School's agenda (see the Appendix Tables that show reliability coding).

On the other hand, the Faculty, with its different cultures (IMI and IMEDE) which had been competitors for so long, was bogged down in an unsettled situation, characterised by discomfort, anxiety and annoyance, given its lack of participation in the merger process. Juan Rada's failure to make clear decisions clarifying the direction of the School, and his overlapping functions with the Chairman of the Board neutralised his effort to get the Faculty to participate in the definition of IMD's strategy and policies. Rada's power, mainly based on his strategic and analytical capabilities, was not enough for him to succeed in this episode, which required the implementation of *breakthrough* initiatives. *How* and *why* did this set of initiatives finally fail? An analysis of both issue legitimisation and power mobilisation sheds light here.

4. 3. 2. Issue Legitimisation and Power Mobilisation

In analysing issue legitimisation, the study observed *Issue Sponsorship, Issue Selling, Alignment of key actors' MGI prioritisation, Agenda Structure* and *Characterisation of features of both outer and inner context legitimating initiatives.*

The weak economic and financial performance that triggered the merger and creation of the new School worsened over 1991 within the context of an economic recession because of the Gulf War *(performance* and *economic environment).* At the same time, Faculty discomfort *(climate)* with the prevailing lack of direction led to the creation of the Faculty College as an informal but powerful group that communicated with the Board through the Faculty Board representative, Pierre Goetschin. Moreover, Rada's dinability to solve problems related to short-term economic performance was critical in weakening his own credibility before the Board and Faculty. His lack of answers related to Faculty and Board demands and the School's strategic direction led him to isolation and failure.

In summary, Rada's inability to solve IMD's short-term economic performance (clearly prioritised by the Board) together with Faculty discomfort because of the lack of leadership and clear direction (misalignment among key actors' prioritisation of MGI) turned out to be a critical obstacle for Rada's credibility in legitimating his own vision and leadership for the School. This proved in the end to be a strong determinant factor in making him unable to *sponsor* and *sell* his own vision to influence IMD's strategic agenda structure. Under these circumstances, his resignation was inevitable.

For further information see IMD Appendix IV.

5. Transition (1992-1993)

5. 1. Restoring IMD's situation

Kaspar Cassani informed the IMD Faculty, "Juan Rada has resigned and Xavier [Gilbert] has agreed to be the Acting Director General. Please, give him all the support you can."[48] Then there was a meeting of the Faculty College, which decided to accept Gilbert to run the School. So Gilbert became IMD's Acting Director General as from January 1992. The Board assigned to him the task of restoring the School's financial situation.

Born in France, Xavier Gilbert was an IMD Professor who had belonged to the IMEDE Faculty. In the opinion of the IMD Faculty, he is a man of strong personality, very upfront, very determined and committed to the School. He has always been respected by his peers; a referent leader to the Faculty.

By 1992, IMD's situation was difficult. There was much confusion because of the lack of leadership and strong management. The financial situation of the School was in pretty bad shape and deteriorating all the time. The economics of IMD reflected the need for a significant turning point in IMD's *modus operandi*. Specifically, the revenue/cost evolution in 1990-91 was marked by a revenue increase of Sfr 2 million while costs increased by SFr 4 million.[49]

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[48] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.

[49] IMD's Implementation Priorities, Xavier Gilbert, March 16th 1992 – Archival Material.

As regards the Faculty, it was divided, restless and hesitant. There was tension concerning what IMD ought to be and ought to do. "There was a concern on both sides in terms of what would be the culture that would emerge from the process."[50] There were the *'farmers'*, i.e. those professors that had insisted on being around, doing the work, not competing with the School; and the *'hunters'*, i.e. those professors who were outside working with companies, teaching and organising their own programmes.

This difference hindered the building of the new School's identity. However, these two groups did not fall meekly within institutional boundaries. "It was not the ex-IMI versus the ex-IMEDE. It was not like that. [...] They were the farmers and the hunters again. But they were the hunters of IMEDE and IMI that got together and the farmers of IMEDE and IMI that got together."[51]

Moreover, IMD's state of disorder, its lack of integration and sense of direction forced Cassani to define Gilbert's main responsibilities, as follows:

1. To exercise leadership and direct IMD to ensure achievement of the highest standards of excellence in all activities and its continuous success as a leading institution in the field of international management education;
2. To make recommendations to the Executive Committee of the IMD Foundation Board for the mission and strategy of IMD;

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[50] Jim Ellert, former IMEDE Faculty, IMD Associate Dean.

[51] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.

3. To ensure the financial health and viability of IMD;
4. To implement management processes that adequately encompass the influence of the Faculty, other senior professionals and all other stakeholders;
5. To implement adequate personnel policies that attract and retain Faculty and Staff of excellent quality;
6. To work individually with each member of the Faculty at least once a year on his/her workload, professional development and performance evaluation;
7. To report on the activities and performance of IMD on a regular basis;
8. To represent IMD to the outside in coordination with the chairman and to actively solicit financial contributions;
9. To act as the Secretary of the Foundation Board.[52]

Thus, it seems clear that the Board's focus was set on IMD's governance, its finances, and in aligning the School in the short term. Among the most urgent duties, Cassani[53] highlighted the need to keep IMD running successfully during the interim period, requiring Gilbert in the first place to keep the Faculty together and to straighten out such issues as he may encounter which were not handled in accordance with established policies and procedures.

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[52] Letter from Cassani to Gilbert appointing him as IMD Acting Director Gral., April 7th 1992 – Archival Material.

[53] Report on Tenure of Prof. Xavier Gilbert as Acting Director General of IMD from 1992-1993 – Archival Material.

Gilbert was determined to bring IMD to the fore, as had been intended since the School's foundation. He knew it was not an easy task given the lack of identity of its members and the painful process they had been going through. Although he was a referent among his colleagues (IMD Faculty), it was quite a fragile situation. At the same time, he knew *'his'* School needed complicated *'surgery'*. He had to restore the School's finances in the short term, to focus on its activities, to produce and sell in order to raise IMD's reputation.

But he was extraordinarily dependent on the Board and Faculty, since he was just an Interim Dean and would be in command for only a short period. On the one hand, he was determined to restore IMD's financial situation and fulfil the Board's main interest; but on the other hand, he was part of the Faculty and wanted his colleagues to feel IMD was their School and to support him. He found himself caught in the cross-fire between the Board and the Faculty. This strengthened his position since both the Board and the Faculty knew they could not afford to lose another Dean.

Thus, as soon as he was appointed Interim Dean (January, 1992), Gilbert presented his priorities to the Faculty and Staff. "We have a job to do in the very short term, on which we must concentrate first: we must deliver what we have promised to our customers, and even better. [...] We must run excellent programmes, fill them up, and develop new programmes."[54] In this regard, Gilbert knew that corporate customers felt critical of IMD. Moreover,

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[54] Xavier Gilbert's priorities as presented to the Faculty and Staff of IMD in January, 1992 – Archival Material.

some former IMD Faculty recall there were competitors who did not believe IMD would survive.

Although he was aware of the financial weakness of IMD, he did not really know what the precise economic state was. "At this time, the exact financial situation is a complete unknown to me. The books for 1991 are not yet closed and the budget for 1992 is not finalised. I would like one or two Faculty to get involved in this matter so that they could inform the College of Professors and me by the end of February on what the exact 1992 situation will look like."[55]

He made a great effort to share the real critical situation of the School with the IMD Faculty and Staff, so that they would all navigate the same boat. "The institution needs the support of everyone; it is our collective responsibility to make sure that this support is not undermined internally or externally."[56] With their support he would be able to strengthen his authority and thus, exert influence to shape the School's strategic agenda-building and -executing.

From the very beginning, he decided to constantly share with the Faculty and key administrative Staff the most critical issues to solve. Thus, he had meetings every week with each of them. In order to keep everybody informed Gilbert spent every Monday afternoon in Faculty meetings showing

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[55] Xavier Gilbert's priorities as presented to the Faculty and Staff of IMD in January, 1992 – Archival Material.

[56] Xavier Gilbert's priorities as presented to the Faculty and Staff of IMD in January, 1992 – Archival Material.

the revenues, looking at the programme enrolment, informing people about downsizing. "I was looking at the most pressing issues so that nobody could say that they have not heard [...] I was using every single opportunity to repeat the same messages."[57] So he developed a mechanism whereby he could keep the Faculty informed of developments and projects. "Team work can only take place if there is maximum transparency."[58] He also held meetings with the Staff members twice a month.

So his first main concern was to restore IMD's financial situation because the Board had told him, "Either you put it back financially or we close."[59] In addressing the Faculty and Staff, he affirmed, "This is our mission and this is where our money comes from."[60]This would be achieved through *revenue level* (adequate revenues for IMD's size, measured for example, in revenue per Faculty), *product mix* (more commodity-like public programmes to be reviewed so as to decrease the overall number on offer), and *programme quality* (assessment of quality improvement in terms of innovativeness, relevance to real managerial issues, and impact on learning approach).

To restore the School's financial situation he made sure of the quality of revenues and reduced the costs structure. In line with this, he carried out a head count reduction within the administrative Staff. However, even though

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[57] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.
[58] Xavier Gilbert's priorities as presented to the Faculty and Staff of IMD in January, 1992 – Archival Material.
[59] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.
[60] Xavier Gilbert's priorities as presented to the Faculty and Staff of IMD in January, 1992 – Archival Material.

some Faculty decided to leave, he did not take any measures to lay off Faculty because he wanted the programmes to be delivered as agreed with customers. "Otherwise we were dead."[61] He knew IMD needed to change its image within the management education industry and that Faculty participation was critical for this.

His second priority was to change the balance of the cost structure. "IMD's cost structure must be substantially re-balanced. The 1991 cost increase was due primarily to a SFr 3 million increase in payroll."[62] Accordingly, Gilbert was absolutely drastic with all expenses. He cancelled the recruiting of some new Faculty; he reduced the administration Staff by 25%. "That worked much better. People were able to work without being injured by incompetent losses. [...] In 1992, we were break-even."[63]

Figure 14 illustrates the head count reduction that took place during Gilbert's Interim Deanship. It shows that seven people left from Faculty and Research, nine from support Faculty and Programmes, seven from Learning support, six from Marketing and External Relations and seven from Administrative Support.

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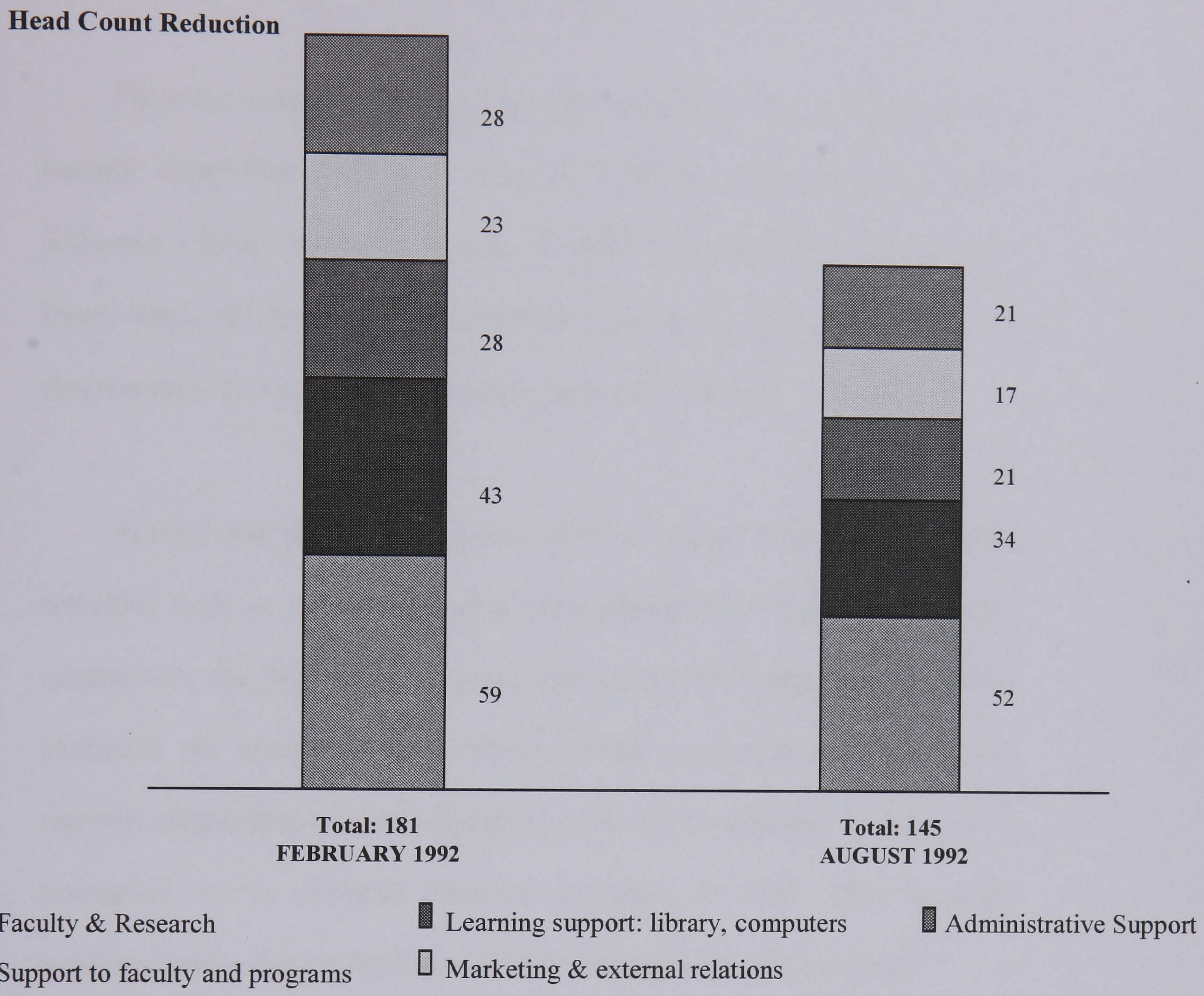
[61] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.
[62] IMD's Implementation Priorities, Xavier Gilbert, March 16th 1992 – Archival Material.
[63] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.

Figure 14: Head Count Reduction during the Transition period



Gilbert's final priority was to mobilise the Faculty. The Faculty had been drifting away from IMD for two reasons: firstly, insufficient involvement in the affairs of IMD, which led to an *'us vs them'* attitude, a lower commitment to the institution and lack of identity. Secondly, the market for Faculty services valued IMD's Faculty more than IMD itself did. This situation was corrected by a highly motivating formula: constant information and involvement in the decision-making process and a compensation and benefits package were reviewed in the light of what the market was willing to pay for the Faculty's private consulting time.[64]

Since he wanted to propel research focused on the development of Faculty capabilities and an increasing diversity of programmes to be delivered, Gilbert created the figure of IMD Research Director. He asked Derek Abell, the former Dean of IMEDE, who at the time was on leave of absence after the merger, to take charge of IMD's research.

Actions and documents showed effective results. His involvement in activities such as the assessment of the participation level in the public programme, the keeping of a close eye on private programme portfolio evolution, the development of relations with companies, as well as the rigorous control that he implemented over all major expenses, led to a better perception of the probable financial evolution of IMD. This, in turn, translated into a faster submission of IMD audited financial statements.

In relation to the Faculty, Gilbert set out a list enumerating each of the 15 internal policies. This is shown as Figure 15.

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[64] IMD's Implementation Priorities, Xavier Gilbert, March 16th 1992 – Archival Material.

Figure 15: **Faculty policies implemented during the Transition period**

List of Faculty Policies:

1. Faculty profiles and recruitment.
2. Guidelines for employment contracts with Faculty members.
3. Titles, rankings and promotions of Faculty members.
4. Workload planning guidelines.
5. Compensation.
6. Annual performance evaluation.
7. Professional development and sabbatical leave.
8. Private consulting.
9. Grievance procedure.
10. Faculty review guidelines and process.
11. Faculty personnel committee.
12. Process for the selection and contract review of the Director General.
13. Procedure for the election of a Faculty candidate to the Foundation Board.
14. Procedure for the selection of Faculty to endowed Chairs and Fellowships.
15. Policy on revision of current policies and introduction of new ones.

In addition, Gilbert was passionate about reversing attitudes and ethics. He was determined to give the Faculty an identity, a sense of ownership of the School. He wanted them to feel there was concern for their interests and that their support was not only essential for the School's success but also that it was appreciated.

Gilbert was determined to succeed and he had the courage, will and clear ideas to bring about this resolution and execute decisions. "He [...] has always kept decisions up, very constructive."[65] He would not allow anything to interfere with this determination, and imposed sanctions on those who would not act as expected. "There are stories of Faculty coming in to see Xavier Gilbert saying, 'You can't do this to me. You can't tell me how many days I can consult.' And Xavier saying, 'I can tell you whatever I want. I'm the Dean. There's the door. See you.'"[66]

Towards the end of Gilbert's Deanship, IMD was able to reverse the negative trend in financial performance, which had threatened the viability of the institution at least in the short term. Having cut costs and installed proper administrative management systems, IMD shifted towards revenue creation.

Figure 16 shows the evolution of both income and expenses at IMD during the first years (1990-1993). It depicts an increase of approximately SFr 1.8 million in total income in 1991, and of about SFr 1.3 million in 1992. It then shows a decrease of around SFr 2.4 million in 1993. As for the expenses, Figure 16 shows that they increased by some SFr 4.3 million in 1991 but that they decreased by some SFr 1.4 million in 1992. By 1993, the expenses had decreased by approximately SFr 1.8 million.

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[65] Kaspar Cassani, former Chairman of the IMD Foundation Board.
[66] Gordon Adler, Assistant to Peter Lorange (IMD President).

Figure 16: IMD Financial Results 1990 - 1993

INCOME	1990	1991	1992	1993
Program Revenues	27,366	26,899	28,657	25,824
Partners & BAs	4,505	5,434	5,490	5,975
R&D Contributions	1,412	2,248	2,248	2,362
Endowment Income	918	1,061	871	673
Other Income	313	689	379	378
Total non-program revenues	7,148	9,432	8,988	9,388
TOTAL INCOME	**34,514**	**36,331**	**37,645**	**35,212**
EXPENSES	+1,8 millions	+1,3 millions	-2,4 millions	
Program Expenses	4,876	3,833	4,510	3,690
R&D Expenses	809	2,042	1,728	1,696
Administrative & support expenses	8,470	9,829	9,237	9,067
Salaries and related expenses	18,004	20,753	19,602	18,759
Total Expenses	**32,159**	**36,457**	**35,077**	**33,212**
OPERATING PROFIT	**2,355**	**-126**	**2,568**	**(a) 2,000**
Depreciation	1,505	754	1,196	1,521
Provisions and interest	+4,3 millions	-1,4 millions	-1,8 millions	428
OPERATING RESULT	**850**	**-880**	**1,372**	**51**
One-time restructuring costs	0	0	441	0
One-time extraordinary items	0	0	916	
NET OPERATING RESULT	**850**	**-880**	**15**	**51**

(a) Net of SFr 1,155,000 for various provisions accounted for under operation expenses..

In order to accomplish the purpose of restoring IMD's financial situation, Gilbert hired competent marketing and public relations specialists to support his endeavours.[67] As soon as he took charge, he faced a difficult and deteriorating situation. However, he was able to establish himself as the boss. This was very much needed at that time.[68] In this regard, Jim Ellert (former IMEDE Faculty, IMD Associate Dean) recalls, "Xavier set his role really as getting the ship firm and in good shape for whatever would fall on him in that position. And [...] we drilled the corner financially during that period. [...] He

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[67] Report on tenure of Prof. Xavier Gilbert as Acting Director General of IMD from January 27, 1992, to June 30, 1993 – Archival Material.

[68] Report on tenure of Prof. Xavier Gilbert as Acting Director General of IMD from January 27, 1992, to June 30, 1993 – Archival Material.

did a good job."

Gilbert focused on IMD's financial side. Both cash flow and operating results showed a remarkable improvement over 1991. His success was a consequence of his will and ability in making and executing decisions. "Gilbert took over a difficult and deteriorating situation, [...] with excellence. He took charge clearly, forcibly and unambiguously, establishing himself as the boss. He approached the job with his usual high energy, enthusiasm, and total commitment. [...] In this period, he listened carefully, debated actively, expressed his own points of view forcibly, and made decisions. Not everybody liked them all the time, which is the price of true leadership." [69]

However, there remained much to be done to further increase revenues. On November 10th 1992, the IMD Foundation Board held a meeting in which several important decisions were made: first, Kaspar Cassani became the Vice-Chairman of the IMD Foundation Board and Fritz Leutwiller was assigned Chairman in Cassani's place. Second, Cassani announced that a new Dean had been appointed and he introduced Dr. Peter Lorange, President of the Norwegian School of Management in Oslo, formerly of the Faculty of Wharton and MIT. "He was elected unanimously by the members of the Board in their circular vote of September 4th 1992."[70] Third, he thanked Xavier Gilbert for his job.

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[69] Confidential letter from Derek Abell to Max Murbach, October 11th 1993 – Archival Material.
[70] Minutes of the fifth meeting of the Foundation Board of IMD, November 10th 1992 – Archival Material.

Gilbert suggested three priorities for 1993, which emphasised the continuation and consolidation of the initial improvements achieved during 1992: firstly, IMD's positioning as a partner in executive development with corporations; secondly, the financial viability of IMD, which remained precarious and which required a focus on marketing and developing fund-raising; and thirdly, internal partnership, which required a strong coherent Faculty team and a committed Staff.

Finally, Cassani made several further remarks, "IMD, now solidly established, has a world-class Faculty, a highly qualified President and physical facilities that create the optimum environment for the students. [...] The solid financial model of IMD, whose only debt is the mortgage of SFr 19 million [...] remain a concern and if we cannot raise the funds to pay them back, we shall have to find the amount of the annual interest payments through increased sponsor and Business Associate fees."[71]

It is in this way that the transition period came to an end. However, Peter Lorange's official joining date would be July 1st 1993 "due to existing commitments."[72] Meanwhile, the responsibility to manage IMD lay with the Acting Director General, Prof. Xavier Gilbert, who would "take decisions in close contact with the President-elect."[73]

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[71] Kaspar Cassani in the minutes of the fifth meeting of the IMD Foundation Board, November 10th 1992 – Archival Material.

[72] Minutes of the fifth meeting of the IMD Foundation Board, November 10th 1992 – Archival Material.

[73] Minutes of the fifth meeting of the IMD Foundation Board, November 10th 1992 – Archival Material.

5. 2. Analytical tracing of critical 'issues' during the transition episode

The transition episode is characterised by a radical change of focus towards restoring IMD's financial situation during the period 1992-1993. The foregoing merger episode that ended in a critical financial crisis for the School enabled the different key actors (Board, Dean and Faculty) to share a common concern: ensuring IMD's survival in the short term.

5. 2. 1.Critical elements for Gilbert's success

Gilbert had a clear mandate related to solving the School's financial problems. Thus, he mainly concentrated on prioritising the turning of red figures into black. This same concern permeated the Faculty, who was fostered by Gilbert's determination and effective communication to make everybody aware of the critical situation, asking them for their contributions. Moreover, to some extent, Gilbert augmented his credibility and power base through firm and assertive decisions and actions aimed at reducing costs to balance the School's figures.

5. 2. 2. Issue Legitimisation and Power Mobilisation

In analysing issue legitimisation, the study observed *Issue Sponsorship, Issue Selling, Alignment of key actors' MGI prioritisation, Agenda Structure* and *Characterisation of features of both outer and inner context legitimating initiatives.*

Several circumstances concurred in Xavier Gilbert's Interim Deanship legitimisation. Firstly, the fundamental alignment between Dean, Board and Faculty's MGI prioritisation focused on short-term performance for survival. At the same time, Gilbert represented the role of the captain who prevented the 'ship' from sinking. His profile, characterised by a directive leadership style and clear communication and assertive skills, enabled him to gain credibility, legitimate his own role and thus, strengthen his power base, rather limited since it resulted from his appointment just as interim Dean.

For further analysis see IMD Appendix V.

6. Consolidation and Success (1993–2004)

6. 1. Taking Charge

In looking for a new Dean for IMD, the Search Committee evaluated about 85 candidates.[74] Finally, it appointed Peter Lorange – born in Norway – who had extensive academic and managerial experience. After obtaining his degree at Harvard, in 1971, Lorange went to IMEDE, Lausanne. In 1972, he obtained his doctorate and in 1973, he joined the Sloan School at the MIT for nine years. Then, he went to Wharton where he became a Full-Time Professor. In 1979, he went back to IMEDE for a year. He recalls, "I had been here twice for a total of two years, and I felt sentimentally closer to the place."[75]

In 1989, he became Dean of the Norwegian School of Management and remained there until 1993 when he was appointed President of IMD in Switzerland. In evoking these days Lorange asserts, "I really missed to be in an international place. So when the President of IMEDE's alumni club in Norway nominated me for this, [...] I was really tempted with the international side."[76]

However, things were not as good as he had expected them to be at IMD. "I was not aware of how bad it was."[77] Lorange adds, "When I arrived, I felt that the School was much more uneven than I've thought."[78] There was still uncertainty for the future. IMD had had its image damaged in the business and

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[74] Xavier Gilbert, former IMEDE Faculty, former IMD Acting Director General, IMD Faculty.
[75] Peter Lorange, IMD President.
[76] Peter Lorange, IMD President.
[77] Peter Lorange, IMD President.
[78] Peter Lorange, IMD President.

management education environment. Those were times of much anxiety and anguish. In addition, there was a financial problem. Revenues were not coming in as planned, and the costs were too high. Even though Gilbert had repaired a dramatic situation, he did not have enough time to address the question of the revenues.[79]

As for the IMD Foundation Board, there were ambiguous feelings. Trustees hoped that IMD would begin to grow, that there was a new opportunity ahead. "We had some cash flow, but we came out of a very difficult situation, so the future, everything was uncertain."[80]

The Faculty was restless and also expectant. They wanted to overcome the merger process so, "they needed a strong outsider who could come in and put the place in order."[81] However, that was not the perspective of the entire Faculty. Some of them were still eager for a more collegial participation in managing the School. The Director of the Faculty College drew the attention of the IMD Foundation Board to "the need to involve the Faculty closely in the management of the School."[82] He stressed the Director General's role as one of 'primus inter pares'.

On the other hand, Kaspar Cassani clarified that the Board was clearly assigning the total responsibility for managing IMD to the Acting Director

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[79] Peter Lorange, IMD President.
[80] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.
[81] Philip Rosenzweig, IMD Faculty.
[82] Minutes of the fifth meeting of the Foundation Board of IMD, November 10th 1992 – Archival Material.

General and subsequently to the President.[83] Because of his management experience in academic institutions and considering Juan Rada's advice, Lorange had guaranteed the Board's support for himself. He wanted to be completely responsible for the School's management.

In a brief introductory address to the IMD Foundation Board, Lorange stressed the following four central points that needed his attention: firstly, the financial position of IMD had to be kept sound (keeping an eye on revenues and expenses); secondly, there was a need for a clear vision of where IMD wanted to go; thirdly, there was the critical issue of a mutually beneficial partnership with business; and fourthly, he saw a need for close attention to the School's critical resources 'Faculty' and 'administration'.

As soon as Lorange entered IMD (January, 1993), in looking for the Faculty's commitment, he wrote a personal letter to each Faculty. "If you were in my shoes, which are the three positive things you would do, if you had my job, and which other three things would you advise me not to do. Please, help me. Send me a little note. I want each of you to respond in writing. So what I got was very interesting."[84] Based on the Faculty's comments, Lorange picked up what he thought was most important. "I received all the letters and here I think I have a mandate from you to do a few things. I think it's critical that we look towards the environment, and that we become more customers oriented. I'm reading that from you."[85] He already had the Board's support so his

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[83] Minutes of the fifth meeting of the Foundation Board of IMD, November 10th 1992 – Archival Materil.
[84] Peter Lorange, IMD President.
[85] Peter Lorange, IMD President.

purpose now was to achieve the Faculty's support and to set priorities.

Lorange summarised the Faculty's requests into three main issues: to strengthen the Faculty; to clarify the portfolio of programmes; to reinforce marketing. Besides his robust position and status as President of IMD, he tried to reinforce the Faculty support. "He said quite clearly, 'I cannot do the job alone, I cannot, I mean, I need the Faculty.'"[86] He said to everybody that he would do his best in terms of making decisions which were to the benefit of the School. "If you don't want me here, you have to understand that my power is only indirect. It's because you want me to have power. So I will receive the power from you, the Faculty, to do my job."[87]

In the same way, Lorange was determined to bring together different perspectives and experience, so he joined together key Faculty from IMI and IMEDE into the Coordinating Committee (currently called the 'Management Committee'). He realised that he needed the collaboration of people who had been at IMD since the very beginning; people who were respected and whose advice was followed by Faculty. Among the Faculty who joined the Coordinating Committee, there were "[Xavier] Gilbert [from IMEDE], Fred Neubauer [from IMI], Jim Ellert [from IMEDE], Jan Kubes [from IMEDE and Pierre Goetschin from IMEDE as well]. They were all supporting players."[88]

6. 2. Shaping IMD's own culture and identity

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[86] Fred Neubauer, former IMI Faculty, IMD Faculty.

[87] Peter Lorange, IMD President.

[88] Peter Lorange, IMD President.

a) An unsettled organisation

When Peter Lorange arrived at IMD, he found much discontent and discomfort among the IMD Faculty. "I could see that the organisation was not thinking of team work, and it was not really a collegium, and it was low, a lot of comments around, denigrating things, barely ambition."[89] There were still two different cultures within the new School: IMI's and IMEDE's rather than IMD's. IMI's culture was less represented because professors from IMEDE mainly made up the Faculty. "About six or seven [against], near forty."[90] They had differences regarding the School's model: "What is the role of a Business School? What is the role of the Faculty? Which are the things allowed and those forbidden?"[91]

Moreover, the Faculty was still divided into 'farmers and hunters'. Many professors just focused on their self-interest instead of thinking of IMD's benefit. "The Faculty was very mixed. Some Professors were more normal in the sense that they did really good research and teaching. Others were more interested in doing their own private consulting work. And I felt that the ethical standard of the Faculty was not up to speed. [...] They were quarrelling and fighting, and they were not thinking about the customer. [...] It was a very inward looking thing. There was a lot of fighting and distraction. The Faculty members acted as if they owned the programmes. 'This is my programme.' And they acted as if they owned a certain client relationship 'This is my company.'

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[89] Peter Lorange, IMD President.
[90] Carlos Cordón, IMD Faculty.
[91] Carlos Cordón, IMD Faculty.

[...] But we had to break all that."[92] Thus, Lorange found himself in the situation of needing to promote new values and behaviours based on institutional ownership, teamwork, transparency, responsiveness to the market, high standards of teaching and programme delivery and meritocracy, among others.

b) Building a new culture for IMD

Once he got the Faculty's mandate through the letters he requested, Lorange began to implement changes that would facilitate the development of IMD. This consisted in rewarding those behaviours that represented IMD's beliefs and values and punishing those that were against. His main driver was 'what's good for IMD is good for all of us.' In this sense, people remember he was very consistent with some of the basics like 'you don't compete with the School'.

Some Faculty agree, Lorange "started [...] thinking about what kind of agenda he would lay out for this place to stop being two Schools, get out of the merger, get on to its own identity, and start moving to grow."[93] So he started "to work and sell. He does a very good job going out there tirelessly, talking to people, responding to their mails [...]. He is really a person 'par excellence' on the selling front."[94] He was persistent in meeting clients' needs to bring a customer perspective into IMD's inward-centred mindset and thus, in making the School focus on customer orientation and market. "As the Dean you can easily be busy all time internally. The key is to spend time visiting the market.

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[92] Peter Lorange, IMD President.
[93] Don Marchand, IMD Faculty.
[94] Jan Kubes, IMD Faculty.

[…] I spend about 50% of my time travelling and visiting the market."[95]

In this regard, Annie Tobias, Director of the IMD Learning Network, asserts "He's listening to what the issues are, rather than to their agendas. And then, he tries to make the translation back to what we need to do." Moreover, Lorange "brought credibility to this new School for his own reputation activity. And that was needed in this School because it had none. IMD had no identity."[96]

Thus, Peter Lorange worked hard promoting certain core behaviours: outstanding standards at teaching and programme delivery, hard work, responsiveness in order to keep clients loyal to IMD, being a supportive team player and developing research with business relevance and strong impact in teaching to fulfil corporate clients' needs. One of Lorange's goals was to remove those behaviours that did not align with the institutional ethical standards. "[The Dean and the Associate Dean] are known to discuss what is considered ethical conduct of a Faculty. I think that's the one thing that is punished quite seriously."[97] In this sense, IMD punishes those members who use the IMD network as a channel for personal purposes or are not good team players, "because everyone relies on everyone else to teach on their programmes and lead programmes that others are teaching on. So being a good team player is pretty important."[98]

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[95] Peter Lorange, IMD President.
[96] Don Marchand, IMD Faculty.
[97] Bala Chakravarthy, IMD Faculty.
[98] Mike Stanford, IMD Faculty.

Although it was not a simple task, slowly but firmly, IMD was oriented towards responsiveness, transparency, and teamwork. “It was a matter of trying to ask new Faculty members who had the energy and the drive to do it; to people who expressed more team-oriented values.” [99] In this process of setting clear rules and systems, the President’s determination to accomplish them played a very important role. “That involved [...] hiring some new Faculty, [...] creating clear Faculty guidelines for consulting, [...] and having transparency regarding the workload.”[100]

In this sense, to encourage Faculty teamwork (“Teamwork is the focus of IMD’s culture”[101]) Lorange carried out two critical and innovative decisions that involved breaking up with most academic traditions: first, the establishment of a non-departmental academic structure, and second, implementing an academic career structure with neither tenure nor titles, in order to avoid hierarchies within the Faculty ("everyone is a ‘professor’ [...] with a perhaps largely self-imposed ‘pressure’ to deliver”[102]).

Accordingly, some of the Faculty agree: “It’s been very surprisingly helpful keeping politics out, and keeping people from being developed. [...] I mean no levels of Faculty, no levels of tenure, no department heads. It’s been very good in terms of not having levels.”[103] However, not all Faculty were open to adapt to IMD’s new system. Thus, “It was a matter of asking a number of Professors to leave. People who did not live up to the guidelines were asked to

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[99] Peter Lorange, IMD President.
[100] Peter Lorange, IMD President.
[101] Lorange (2002: 360).
[102] Lorange (2002).
[103] Tom Malnight, IMD Faculty.

leave. People who were not performing were asked to leave. [...] Several Faculty left by themselves."[104]

Thus, Lorange worked to create a new culture for IMD, adopting organisational values such as being a market oriented, eclectic rather than axiomatic, pioneering-oriented, value-creating organisation; being more based on teams; becoming more of a learning partner to organisations; and proactively shaping the agenda of the future.[105]

c) Strengthening the Faculty

Among the Faculty inputs that Lorange received as a mandate when he arrived at IMD, the first referred to strengthen the Faculty. "That involved hiring some new Faculty, creating clear Faculty guidelines for consulting, clarifying the workload for all and having transparency."[106] Moreover, Lorange realised that to strengthen the quality of the Faculty, the School must be able to attract and retain the best Faculty possible – i.e. outstandingly successful people who had the ability to deliver business relevant research in the classroom.

From Lorange's perspective, "above all, it is the Faculty's individual interests and motivation for academic work that matter: commitment to the discovery process, transformation of research into terms that can be shared with others, dissemination of the results through writing and teaching, discussions

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[104] Peter Lorange, IMD President.
[105] Lorange (2002).
[106] Peter Lorange, IMD President.

with colleagues and supervision of students."[107] However, he recognised that to attract and retain the best Faculty, an academic institution has to be an eminently attractive and interesting place. The Faculty needs to feel comfortable in the institution. Thus, Lorange adapted the workload system in order to develop more transparency among the Faculty.

The Faculty workload is allocated among the following three broad categories: teaching, research and citizenship. Transparency was a key feature, "Everybody knew what the other was teaching. That immediately meant that we got a lot more capacity built."[108] In this regard, most Faculty members agree "The workload system has made a good thing: it gave a sense of recognition. When I arrived here, if someone worked a lot for the institution, there was no recognition. [...] The workload system is telling me that they have recognised that I'm working. And as it is going to be public, I feel much more satisfied. I am fulfilling my job and I am doing it just fine."[109]

Accordingly, in the following years, compensation systems were adapted in order to stimulate partnership between the Faculty and the School. "When I came and I thought 'missions can only have fixed pay' but then, we had a Chairman of the Board who came from Caterpillar – Vito Baumgartner - he insisted that we should have bonus pay like in business. So today we have very big bonus pay, partly a group bonus so that everybody shares as a team and we don't have any free loaders and partly, individual bonus based on research output, teaching excellence and citizenship. [...]. But on top of that

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[107] Lorange (2002: 208).

[108] Peter Lorange, IMD President.

[109] Carlos Cordon, IMD Faculty.

also we have a generous system of buy-back. If you teach more, you get paid more."[110]

Thus, a 'buy-back' arrangement was designed and implemented. Buy-back of Faculty time takes place after a threshold of programme delivery workload has been reached. This threshold is set at 90 days of Faculty workload for programme delivery activities. Accordingly, each Faculty has a base load of 90 days, above which the School buys the time back. It will normally be counted as part of the maximum of 45 days of private consulting allowed for individual Faculty. The rationale for the buy-back provision was to create a way to expand Faculty capacity to meet institutional demand in good years, optimise utilisation of physical space, leverage secretarial support and contain fixed costs generally, while also to protect IMD's break-even point in years of economic downturn.[111]

"This is a competitive environment, it's a competitive world [...] and you have to be able to attract the best talent. And in order for you to attract the best talent, you have to be able to pay them well. And if you allow them to participate in the financial success of this undertaking, through incentive base, you really round the circle. You get their energy, their attention, and we also wanted to make sure that the Faculty was focused on the School and not so much on outside things."[112]

Thus, IMD devoted itself to encouraging professors to become involved

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[110] Peter Lorange, IMD President.

[111] Buy-back provision for capacity adjustments – Archival Material.

[112] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.

with the School and to make them understand that they would benefit themselves if the School achieved increasing economic revenue. This would discourage Faculty's interest in external consulting. In this regard, Vito H. Baumgartner (former Chairman of the IMD Foundation Board) affirms, "We went from straight pay to straight pay plus incentive pay. We also made significant steps to increase the potential for key people to make more money in the School, recognising that you can attract best talent only if you are not only providing an environment that is exciting, but also if you compensate people fairly and fairly also means in line with the results that these people achieve."[113]

Further, within IMD's compensation system, good professors have a better chance of being proposed for a sponsored chair. There is also a bonus system according to the financial position of IMD. Bonuses are budgeted for as part of the cost structure. This means that if IMD meets its surplus objectives, it may distribute these back to the Faculty. But if the budget shows a deficit, there may be a reduction made to the bonuses at the end of the year.[114]

The bonus is allocated taking into consideration two different perspectives: there is a group bonus which applies equally to all professors and which is a percentage of each Faculty's base salary. Thus, everybody gets the same percentage compared to the salary base. Then, there is a second pool, which is the individual bonus that has three components: performance on research development; superior performance in terms of classroom teaching, programme management, programme innovation; and dimensions that relate to

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[113] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.
[114] Buy-back provision for capacity adjustments – Archival Material.

citizenship activities.[115] The result of the bonus round is determined after a discussion between the Faculty, the Dean (Peter Lorange) and the Associate Dean (Jim Ellert), about how the professor has performed during the year, the response from the classes and research.

Over time (2001, 2002) it became clearer to Lorange that customer orientation was not enough for a Business School. His 'entrepreneurial thinking' led him consider students as clients. As such, they demanded IMD to lead them "through the research and being behind to adapt it to the practice."[116] So he built up a Faculty whose cutting-edge research has strong impact on programme delivery, and leads to 'real life, real learning' teaching. "We had to change many of our professors to be much more able to do the research leading to this."[117]

Thus, at IMD, new research is brought into the programmes systematically. "The research is brought to the agenda vis à vis each Faculty member in our one to one discussion, once per year. [...] Every 6 months we started to do that till this very day. [...] The Faculty review encourages research and publications."[118] Peter Lorange himself assesses Faculty research outputs and makes further recommendations regarding business relevance and academic rigour. "So Jim Ellert evaluates everybody on teaching and

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[115] Jim Ellert, former IMEDE Faculty, IMD Associate Dean.
[116] Peter Lorange, IMD President.
[117] Peter Lorange, IMD President.
[118] Peter Lorange, IMD President.

citizenship and I evaluate everybody on the research. So I read everything. The month of February I read everything."[119]

As a result of the implementation of rules, policies and systems, IMD grew to be aligned with the goal which was set during its foundation: to develop a world-class institution, financially sustainable and in the top league.

6. 3. Shaping IMD's vision

a) Setting strategic direction at IMD

From Lorange's perspective, the modern Business School will be more effective if it has a clear vision which will help it to focus on a specific direction. The Business School must translate its vision into a more detailed mission that mirrors a sharp strategic focus. Without a vision statement, the Business School will likely lose focus, since it has no basis on which to make the key strategic choices on which its success will depend.[120] "Lack of focus leads to the scattering of activities, [...] a misallocation of the most important strategic resources."[121]

Business Schools can easily lack focus because as organisations with highly talented staff, they are permanently sprouting initiatives. A number of centrifugal forces pull Business Schools in every direction of the strategic compass. The best antidote to this 'pull' is a strategic focus, a clear direction

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[119] Peter Lorange, IMD President.

[120] Lorange, (2002).

[121] Lorange, (2002: 179).

that serves as a 'centripetal force' and keeps players in equilibrium.[122] Thus, Business Schools must focus on a particular vision that 'pushes' them in a specific direction.

Lorange understands that setting direction in today's Business Schools is "markedly different" (Lorange, 2002: 9) from doing so in any other organisation, because its "product, value creation, is intangible." (Lorange, 2002: 9). Accordingly, in setting strategic direction, Business Schools must make the strategic choices necessary to respond to the market, making sure they achieve an internal balance and create the kind of value the customer expects (Lorange, 2002).

Moreover, Lorange asserts that to be able to adapt to the signals that come from the marketplace and thus, create value, Business Schools must be demand-oriented and externally focused, rather than supply-oriented and internally focused. It is by carrying out environmental scanning that they can understand the growth segments. In this regard, Lorange declares "the external environment is critical. It is a 'raison d'être' for the whole organisation."

When setting direction, Business Schools need to combine a proactive vision, sensing where to go and getting there ahead of others, not only by adapting to clients' needs, but also leading them. To do so, Faculty members tap into their entrepreneurial spirit, and pursue insights that lead to the concrete understanding of critical issues. It is the Dean (vision and leadership) who

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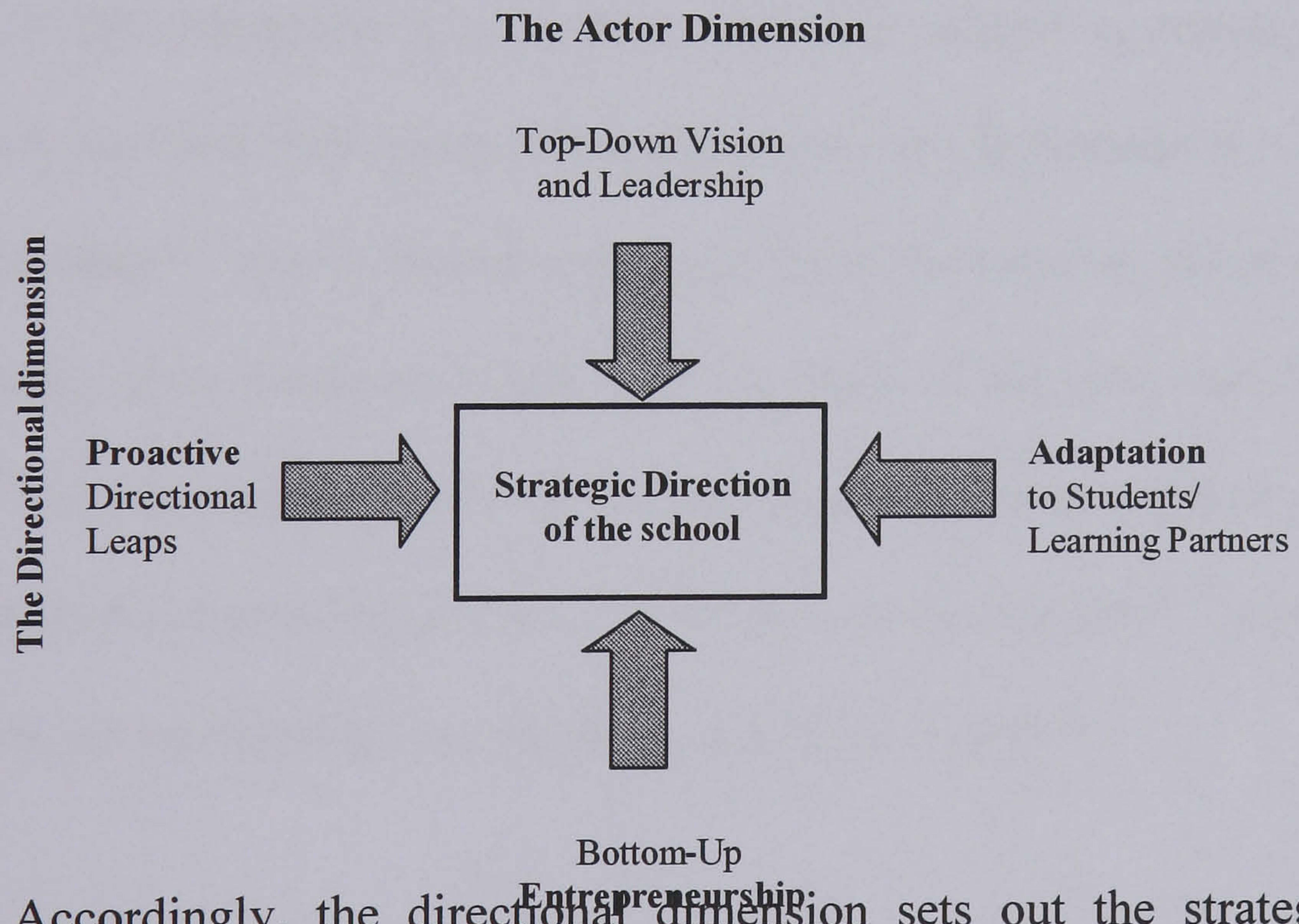
[122] Lorange, (2002).

finally decides which of these insights fit and which do not fit, orchestrating the understanding of the reasons. "The Dean's job is to facilitate the process of selection. The task is to manage it through top-down vision, not to be merely a glorified adding machine of bottom-up initiatives."[123]

Thus, in talking about his perspective on the modern Business School, Lorange understands there are key issues such as setting a clear strategic direction that result from the combination of various forces. The value creation in a Business School requires a balance of all four forces, shown in Figure 17. "The overall richness of the value creation can be better captured by the term **'dynamic Business School'**."[124]

Figure 17: Forces with impact on the Strategic Direction of the School[125]



Accordingly, the directional dimension sets out the strategy of the Business School's research and teaching activities. It is a function of both the need to adapt to the various customers and of the proactive vision of the Faculty members. On the other axis, the actor dimensions: the important entrepreneurial

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[123] Lorange (2002: 22)
[124] Lorange (2000: 406)
[125] Source: Lorange (2000)

inputs by the Faculty members, working both alone and in teams, creating a 'bottom-up input', complemented by a top-down vision and leadership dimension, driven by what choices the Dean/President feels the Business School should make in setting its strategic direction to develop an overall portfolio.[126] "Strategic direction emerges from balancing the bottom-up and top-down forces. This balance is what will determine the ultimate focus or direction of the School."[127]

To sum up, according to Lorange, "To set strategic direction effectively, academic leaders must worry about creating value in each of the four ways so far described; to do well in only one, or two is inadequate."[128]

In describing the way in which IMD has shaped its strategy, Lorange asserts it has been built around **four elements**. The **first** element is **"real life, real learning"**[129] and it implies a practical focus for learning, based on thought leadership; clear business trends ("be in front of the cart and behind the cart"[130]); quick transformation from research to programme delivery ("leading through research and being behind to adapt it to the practice"[131]); pedagogical focus on 'action-learning'; and quality –world-class Faculty.

In this regard, IMD is very much concerned with carrying out cutting-edge research with emphasis on business relevance, so that the latest trends can

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[126] Lorange (2000: 405)
[127] Lorange (2002: 22)
[128] Lorange (2002: 24).
[129] Peter Lorange, IMD President.
[130] Peter Lorange, IMD President.
[131] Peter Lorange, IMD President.

be shared with customers through good teaching programmes. Thus, research must have high impact, not just in the academic world but also among the business audience.

The **second** element is **"the global meeting place."**[132] Over the last decades, the management education industry has been affected by globalisation trends and Business Schools have responded to these trends in different ways. While some of them have opened campuses abroad, others have undertaken strategic alliances or developed distance learning. IMD's answer to globalisation trends has been to 'stand alone', bringing the world to its campus in Lausanne; being a global meeting place: one place, one Faculty – i.e. a unique place where clients will find international Faculty, an international student body, and international programmes.

Thus far, it has been successful. Executives from all over the world learn side-by-side at IMD: 50% from Europe, 27% from Asia, 10% from North America, 10% from Latin America, and 3% from Australia and Africa. The School's home country, Switzerland, did not play a dominant role in any way, with Swiss participants numbering less than 10%. IMD's Faculty of 50 members similarly comes from 19 nations.

Having cross-cultural sensitivity facilitates to deal with dilemmas, recognising there are no real answers but just various viewpoints. Since "learning is very much about dealing with 'dilemmas'[133], there are no

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[132] Latest Strategic Development at IMD – Archival Material; Peter Lorange, IMD President.
[133] Peter Lorange, IMD President.

‘right/wrong’ answers, rather, cross-cultural insights.

This second element can also be observed in IMD’s clear business trend (e.g. the growth of Asia), its new research centres (e.g. the Evian group), and the growing Learning Network of around 170 companies.

The **third** element is **“all learning is lifelong learning.”**[134] This element was raised in importance as a result of the need of the alumni to remain in contact with IMD after completing their programmes. “People were very excited while they were here but then, they were asking ‘what what more is there in terms of learning?’”[135] The Wednesday web casts at 4pm (Lausanne time) has been installed so that all people in the 170 companies within the Learning Network, plus all alumni, can have a weekly input. This web cast implies 25.000 people logging in every week, for 30 minutes.

Finally, the **fourth** and last element, **“a minimalistic organisational approach”**[136] entails no academic departments, no titles (every Faculty is a Professor), no tenure, market-driven internal processes and remaining a clear trend-focused School.[137] According to Lorange, “simplicity is absolutely critical”. When he arrived at IMD in 1993, the School was in deep crisis. This enabled him to do “certain things, a deep cut fairly immediately. [...] It was perhaps an unclear process, but it became very clear. The Board was very much

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[134] Latest Strategic Development at IMD – Archival Material; Peter Lorange, IMD President.
[135] Peter Lorange, IMD President.
[136] Latest Strategic Development at IMD – Archival Material; Peter Lorange, IMD President.
[137] Latest Strategic Development at IMD – Archival Material; Peter Lorange, IMD President.

with me, that we could not have tenure."[138] There are also no titles, no academic departments, and no fixed pay.

Some Faculty question whether or not these elements are just slogans rather than a strategy. They argue that IMD has no strategy at all. Moreover, they show a special concern regarding the fact that the school's strategy is not clear. Others argue that given the idiosyncrasy of this kind of academic organisation (Business Schools), these elements play the role of clear, wide 'guidelines' for everybody that is part an evolutionary strategy process, more suited to this type of knowledge-based organisation.

b) Dean's leadership style

In observing Peter Lorange's leadership style, some elements seem clear. Firstly, he feels his authority has been delegated by the Board and the Faculty. "My power is only indirect. It's because you want me to have power. So I will receive the power from you, the Faculty, to do my job."[139]

Secondly, Lorange feels the Board and Faculty expect him to set a clear direction, to lead, to make strategic decisions. "They want me to lead so, so it's an administrative thing. They don't want me to do nothing, they want, they're happy that there is direction here, decisions are being made."[140]

Thirdly, some people (mostly Faculty) are asking for more participation

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[138] Peter Lorange, IMD President.
[139] Peter Lorange, IMD President.
[140] Peter Lorange, IMD President.

in the debate related to IMD's strategy. Some believe Lorange's is a too directive leadership style; that there really is no collegiality. They suggest a more consultative leadership style would be better. Others understand that Peter Lorange participates with them during the meetings that take place every last Friday per month, with the Faculty and with each of IMD's committees (see Appendix 1[141]) as well. "The power is shared through these four committees—the Operating Committee, the Faculty Recruiting Committee, the Management Committee and the Faculty Meeting. And, it's shared but it's a structured agenda. And then, the shared power provides inputs for me to add energy so we move forward. [...] But the legitimacy comes from these four committees."[142]

Fourthly, Lorange dislikes wasting time in endless meetings. He triggers debates and propels them so that they can come to an end soon. "In all of these committees, there is a tendency to slow down. And here is where my drive and energy comes in. But if you don't, it's like the second law of thermo physics, you have to add energy all the time or the process can come to a slow halt."[143] He also has an aversion to politics. He acknowledges this and feels people value this aspect of his leadership style. "They understand that I am not political. I think they appreciate that, that I try to do what I feel is best for the School."[144] In this regard, IMD's systems and policies are implemented when needed, mirroring transparency and consistent behaviour.

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[141] IMD's structure.
[142] Peter Lorange, IMD President.
[143] Peter Lorange, IMD President.
[144] Peter Lorange, IMD President.

Finally, Lorange is permanently carrying out environmental scanning. Inwardly, he listens to the Faculty and Staff through the different Committees; outwardly, he listens to the market and visualises its demands. He dedicates 50% of his time to making contacts with the business world, bringing the market's main needs to IMD. This is what really makes the Business School externally-focused and customer-oriented. "I spend about 50% of my time travelling and visiting these people. [...] A lot of time really."[145]

Accordingly, as Annie Tobias acknowledges, Peter Lorange focuses on the customer's needs and demands so that IMD can provide them with the latest knowledge. "He's much more listening to what the issues are than to their agendas. And then he tries to make the translation back to what we need to do."[146]

In describing leadership at IMD, Bala Chakravarthy highlights **four components**: "One is the broad direction as to what the School [...] is broadly attempting to do." In this regard, the Faculty brings suggestions to the IMD Board, the School's governing body: "to continue to remain small and not be a huge School, to continue to, up wide creating department, and continue the focus on executive education with an elite MBA. We'll do research but we may not have a backing programme."[147]

The second component refers to the way in which the School decides "to allocate resources on strategy. Should we focus on in companies? Should

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[145] Peter Lorange, IMD President.
[146] Annie Tobias, Director of IMD Learning Network.
[147] Bala Chakravarthy, IMD Faculty.

we focus on the public? Should we focus on what kind of public programmes? etc., etc."[148] IMD's President has an advisory committee of Faculty members called, the Management Committee, where issues are debated. "So topics are introduced in the Faculty meeting, every month. [...] And the sub groups of Faculty will all debate more deeply, and then we offer a further suggestion. So that goes back to the committee and the President and he may say, 'I thought everything here is what I liked to propose. Any further objection let me know. Otherwise, this is it.'"[149]

As far as execution – the third component – is concerned, it is based on the fact that a Faculty member is in charge of a programme. So "you have a lot of freedom. You are given the broad goals; you are given the broad resource constraints. Then after, you do your thing."[150]

Thus, Lorange delegates implementation. The fact that about 70 people report directly to him shows that he is capable of delegating operational issues, "Does he control? Yes. Does he micromanage? No."[151] He runs everything, and people work hard with great autonomy. "He has a group that he relies on heavily."[152]

The last leadership component that Chakravarthy mentions is bureaucracy. "We have none. I mean, it was quite stunning when I got here. You know, if you are on the phone, personal or institutional, the same thing the

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[148] Bala Chakravarthy, IMD Faculty.
[149] Bala Chakravarthy, IMD Faculty.
[150] Bala Chakravarthy, IMD Faculty.
[151] Annie Tobias, Director of IMD Learning Network.
[152] Annie Tobias, Director of IMD Learning Network.

fax machines are open, the photocopiers are open. It's an honest system where you say, are you doing this for your personal self or consulting, are you doing it for the good of the institution? [...] It's just very straightforward, very straightforward."[153]

In pointing out what he thinks people value most in his own leadership style, Lorange declares four strengths: "The fact that I'm doing quite a lot of research, and I'm also a good teacher. [...] As second thing I think they understand that I am not political. [...] A third thing is that I'm very good at marketing and sales so I can recruit the clients and I can also bring in money. [...] A fourth thing is that I make a lot of efforts, it's very complicated. They respect that."

When asked if he feels he has changed anything over time, Lorange replies, "I became clearer, more able to say, 'Let us reach a decision and move forward'. And maybe I spent much more time hesitating before. I am more assertive now."[154]

Some Faculty observe the fact that IMD's identity, positioning, growth and success has been built mostly on the strong leadership of a single person. This could be considered a weakness. On the other hand, some suggest that IMD's identity has been institutionalised and its own values, skills and systems aligned with the Business School's model. This is what reinforces the School's endurance.

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[153] Bala Chakravarthy, IMD Faculty.
[154] Peter Lorange, IMD President.

6. 4. IMD's Growth and Success

IMD's unique history of growth and success has met with important challenges. During its first years after its foundation in 1990, IMD had to deal with pretty tough times both internally (as has already been described), and also externally. Regarding the external environment, besides the Gulf War in 1991, the financial crisis in emerging markets (Mexico 1995, Russia 1998, and South East Asia, 1995/1997), the terrorist attacks of September 11th 2001, and SARS in 2003, had costly effects for the countries directly affected – both those where the crises began and those that might have escaped them but for spillover and contagion effects. Its consequences have taken the form of a substantial shrinkage of investment and consumption.[155]

However, two years after Peter Lorange was appointed, revenues increased, maintaining a permanent trend till they were almost tripled in 2004 (from SFr 35 million to SFr 97 million). Likewise, IMD's reputation had enjoyed an unprecedented shift within the international management education industry. "IMD is a leader in executive education, with a very strong leadership and management focus and deep connections into the European business community."[156]

Moreover, the School's financial health was restored: it has ten endowed chairs, each worth about SFr 3 million; it recently completed a new Executive Learning Center; it is debt-free, and is expanding its buildings, self-

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[155] IMF's World Economic Outlook, May 1998.
[156] Donald Lessard, Deputy Dean of MIT Sloan.

financed.[157]

Figure 18 shows IMD's revenue growth and the different crises that took place in its external environment since IMD's foundation until 2004 (1990-2004 being the period under study). It enables one to visualise IMD's constant growth since Peter Lorange was appointed President in 1993. During this period (IMD's Consolidation and Success 1993-2004), revenues have increased by around 280%.

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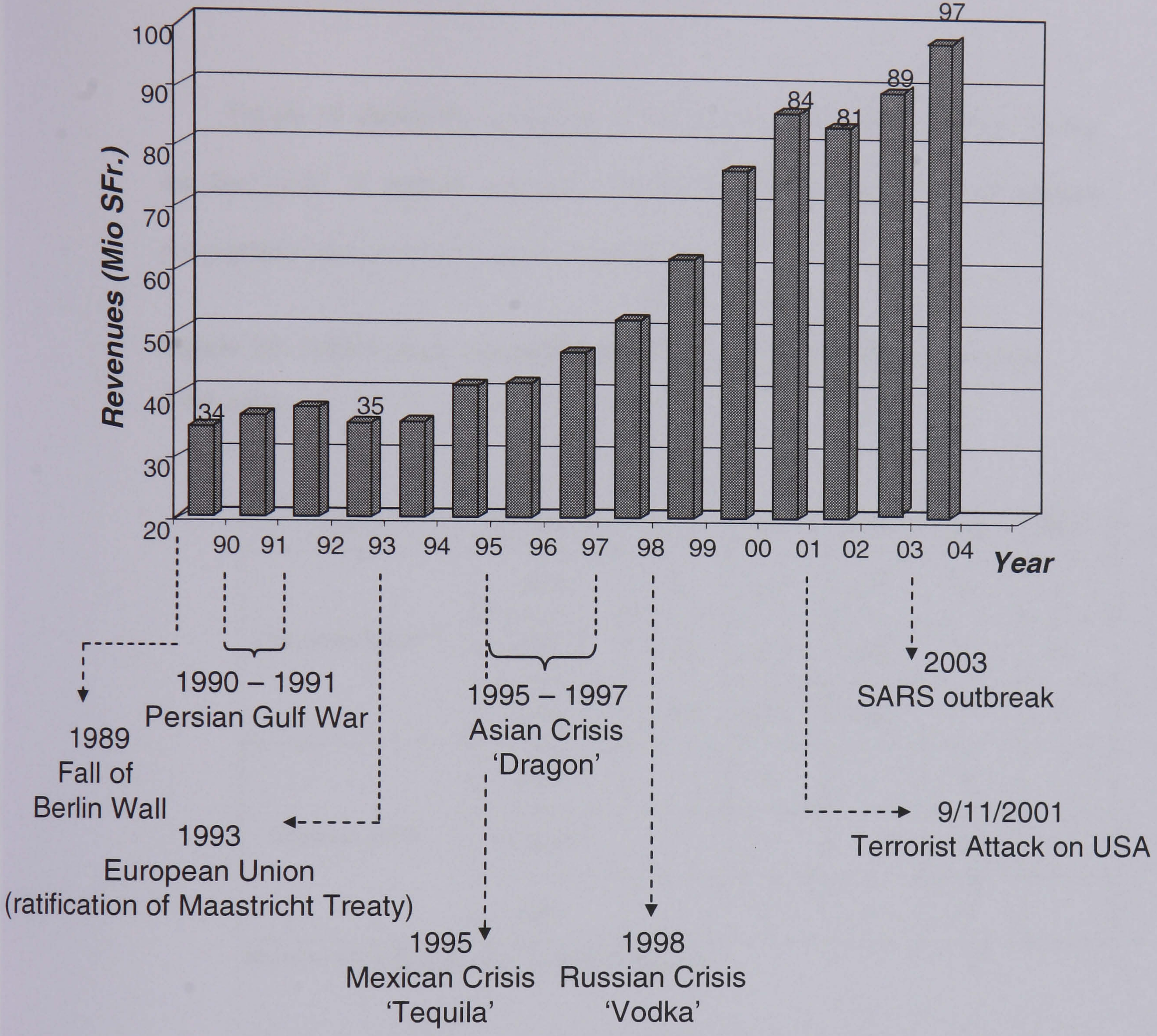
[157] EQUIS II 2002 IMD Self-Assessment Report – Archival Material.

Figure 18: IMD's Revenue Growth 1990 - 2004



Sources: Faculty Retreat, December 2004 – Archival Material.
Auditors' Report to the Foundation Board of IMD, Pricewaterhouse Coopers SA – Archival Material.

IMD's success and recognition as a leading Business School has been reflected in international rankings of management education. Over the past years, this pattern of excellence has raised the School's profile and strengthened its brand, as evidenced by leading journals such as the *Financial Times* and

Business Week. While ratings of Business Schools in print media may be unscientific and subjective, taken together they indicate that IMD has adjusted well to its changing context.[158]

Figure 19 shows the evolution of IMD in the European rankings during the last years as regards executive education, which overarches all custom programmes and open enrolment programmes.

Figure 19: IMD's place among Business Schools world-wide: Executive Education

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times[159]	IMD	**4/3**	**5/3**	**11/2**	**6**	**4**
	INSEAD	**15/11**	**11/5**	**15/8**	**9**	**11**
	LBS	**11/15**	**4/13**	**14/11**	**7**	**7**
Business Week	IMD	-	**8**	-	**8**	-
	INSEAD	-	**2**	-	**5**	-
	LBS	-	**7**	-	**10**	-

Sources: www.ft.com; www.businessweek.com

Figure 20 shows the evolution of IMD in the European rankings during the last few years in relation to Full-Time MBA programmes.

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[158] EQUIS II 2002 IMD Self-Assessment Report – Archival Material.

[159] a/b where 'a' corresponds to open-enrolment programmes and 'b', to custom programmes. The *Financial Times* delivers combined rankings as from 2003.

Figure 20: IMD's place among European Business Schools: MBA

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times	IMD	**3**	**3**	**3**	**3**	**3**
	INSEAD	**2**	**2**	**1**	**1**	**1**
	LBS	**1**	**1**	**2**	**2**	**2**
Business Week	IMD	**4**	**4**	**3**	**3**	**2**
	INSEAD	**1**	**1**	**1**	**1**	**3**
	LBS	**2**	**2**	**4**	**4**	**5**

Sources: www.ft.com; www.businessweek.com

Figure 21: IMD's place among Business Schools world-wide: MBA

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times	IMD	**11**	**11**	**14**	**13**	**12**
	INSEAD	**9**	7	**6**	**6**	**4**
	LBS	**8**	**8**	**9**	7	**4**
Business Week[160]	IMD	**4**	-	**3**	-	**2**
	INSEAD	**1**	-	**1**	-	**3**
	LBS	**2**	-	**4**	-	**5**

Sources: www.ft.com; www.businessweek.com

In addition, top Business Schools in the US and Europe consider IMD as an innovative key player within the management education industry which has acquired a high reputation in the top tier.

The School has a highly productive Faculty, whose work appears to

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[160] Non-US Business Schools.

interest the outside world keenly. The 52 full-time-equivalent Faculty provides more visibility, more publicity and generates more interest than their small number would suggest. Originality, not size, is the source of IMD's relatively strong brand.[161]

IMD's growth in overall revenue and bottom-line profits has been impressive over the last five years. This growth indicates increasing approval in 'the market'. And although the number of professors has increased only slightly since 1998, the value of what they create has increased dramatically.

In addition, IMD's Learning Partnership Network, with around 170 leading global corporations from around the world, is stronger than ever and continues to bolster the IMD brand, differentiating it from the competition. The Network ensures that IMD's research agenda keeps its focus on critical management issues. Moreover, it guarantees that professors receive regular feedback on the quality of their knowledge-creation activities, with a turnover of about 15%.

6. 5. Future Challenges

Vito H. Baumgartner defines IMD's overall future challenge: "Maintaining those relationships that they have with the partner companies, and the business associates, and making sure that the system provides value to both and that these partnerships can be perpetuated. I think that's absolutely critical.

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[161] EQUIS II 2002 IMD Self-Assessment Report – Archival Material.

A continued recognition that it is the people of IMD that makes the difference. And you have to work on your ability to continue to be able to attract the base talent, to achieve those goals and successes, to perpetuate the successes of the past."[162]

According to the overall perspective of the interviewees, three main challenges clearly emerge in relation to IMD's future: Faculty recruitment, IMD's business model and Peter Lorange's succession.

We are living in a very dynamic, rapidly changing world. If you want to teach something, you have to be ahead of the game. You have to be a visionary, you have to anticipate and you have to spread knowledge. "So I think research again plays a key role. I think making sure that the partner companies in particular, and the associates that pay a lot of money for that privilege, get the value and continue to get what they are expecting from the School, and the recognition that all this can be done with the best brains."[163]

a) Faculty recruitment

Attracting Faculty who are capable and committed both for excellence in teaching and top-quality research relevant for business has been a major challenge for IMD. However, nowadays, given the extraordinary reputation it has achieved within the management education industry during the last years,

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[162] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.
[163] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.

IMD has around "250 to 300 names per year to quickly look at. We decide to invite 25 and then, we give 10 offers. Last year we got 7 out of the 10."[164]

Recruitment is one of the School's major challenges, and therefore a major strategic priority. Some Faculty state that "to find the next generation of people to be in the School"[165] is IMD's main challenge.

There are two key aspects to Faculty recruitment: one includes finding and attracting experienced individuals who increase the average quality of the Faculty, who are very good in teaching and who focus on business relevant research.

A second aspect consists in recruiting people capable of having a sense of belonging to the School, and cohesiveness towards its Faculty, in order to lead IMD in the future, given its particular model which is uniquely different (no tenure, no titles and no academic departments, among other things). In this regard, the fact that IMD does not provide them with tenure, affects new candidates' careers. Since they are driven out of the traditional system, they must consider IMD not as a transitional Business School. Rather, they must have real interest in remaining there.

b) Business model

In visualising IMD's future challenges, there are two critical issues: firstly, what are the growth boundaries for a Business School with its particular

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[164] Peter Lorange, IMD President.
[165] Jan Kubes, IMD Faculty.

characteristics (i.e. one global meeting place with full-time Faculty, no departments, market-oriented, focused on executive education, etc.)? Secondly, will IMD's unique different business model (based on tuition and on the Learning Network's annuity that represents 10% of the revenues), be financially sustainable in the future?

According to Lorange, IMD should remain relatively small – a top quality 'boutique-style' institution, with top quality Faculty (not more than 65), heavy on research but practitioner-oriented, with no departments, emphasising teamwork and entrepreneurship, and in one place – 'the global meeting place'. "To remain entrepreneurial, dynamic [...]. Not become a common place. Be custom-oriented. Output focused. Team oriented. [...] I think this is one of the reasons why we cannot be bigger."[166]

However, since he acknowledges that there might be other alternatives, Lorange suggests it is vital to keep re-examining IMD's 'business model'; to continue pushing for cutting-edge learning value creation in order to find new ideas (e.g. open another campus, set strategic alliances with other Business Schools, etc.); the particular business model that will facilitate IMD's enduring success.

In this regard, Bala Chakravarthy questions the boundaries to this model of a stand-alone global meeting place. He affirms "The challenge always is going to be the institution is growing explosively. It is growing the 10-15%,

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[166] Peter Lorange, IMD President.

which basically means if you take ten years ago since now, it has changed dramatically."[167]

c) Peter Lorange's Succession

IMD has had an extraordinary development as a result of a team of Faculty and Staff led by an individual with a strong leadership style and an amazing ability to understand the business world. His clear entrepreneurial spirit, his consistent behaviour and his outstanding results have enabled him to build IMD's reputation within the management education industry.

Moreover, Peter Lorange's focused vision, clearly developed and strengthened over time, was supported by academic structures and systems of compensation, recruitment and workload. The careful alignment of IMD's culture, its structures and systems to its strategic direction, and the Dean's leadership style, made the School's success possible.

In facing the prospect of Lorange's succession, the challenge that arises does not only rest on what Business School model IMD should have but also on what leadership model the School should adopt. In this regard, Bala Chakravarthy suggests, "Either modify our leadership model or get a leader."[168]

In talking about his successor Peter Lorange asserts, "We have very clear guidelines here. We have a Faculty search committee, a search committee, which is three Faculty and three members of the Board, and they will find my

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[167] Bala Chakravarthy, IMD Faculty.
[168] Bala Chakravarthy, IMD Faculty.

successor. I don't think I should be very active there. They will be given my inputs but I think that it's a strong thing, that it's an institutional process, not me."[169]

6. 6. Analytical tracing of different 'aspects' during IMD's Consolidation and Success

The study has described the significant change in IMD through the eleven years (1993-2004) of Peter Lorange's Deanship. A number of substantial *breakthrough* initiatives were set up and implemented, shaping the School's culture and strategy and creating a new identity that has positioned IMD among the top Business Schools in the world.

Lorange combined actions and decisions that strongly impacted both the short- and the long-term policy of the School, and directed moves to restore IMD's financial situation and consolidate the economic sustainability needed for it to become an independent institution. Moreover, Peter Lorange's activity in turning IMD's inward culture into a *customer- and marketdriven* one, was crucial to reshape the School's academic model and identity, to position IMD as a top worldwide Business School.

Over time, as the IMD's performance and reputation were strengthened, Peter Lorange shaped the School's agenda and transformed it into

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[169] Peter Lorange, IMD President.

a simple and highly focalised strategy so that it became a leading Business School, recognised as the "global meeting place for real world, real learning."

In terms of *main generic interests prioritisation* by each of the key actors (see the Appendix for Tables and Figures that show reliability coding), Peter Lorange developed an inclusive agenda where the legitimate interests and priorities of the other key actors were comprehended. Even though the Board's and the Dean's interests (the School's financial and economic performance) hit the top of the School's agenda, Lorange's broad academic and business approach fostered Faculty participation and involvement, which was a priority for them (collegial participation in key decisions).

How and why did Peter Lorange gain support to set and execute his strategic initiatives?

In understanding the SLP (strategic agenda-building and -executing) from a political perspective, the study intended to analyse the unfolding of events that fostered ***prioritisation of main generic interests*** by key actors *(key actors' interpretation of issues and issue characteristics)* and ***legitimisation*** (*issue sponsorship*, *issue salience* and *agenda structure).*

The following elements explained **how** and **why** Peter Lorange gained ***legitimisation*** for his leadership and ***prioritisation*** for his strategy:

In terms of ***key actors***, Peter Lorange was recognised as the top executive at IMD through his nomination as President of the School. Moreover, a new Chairman of the Board was nominated with a non-executive role, thus the relationship between Board and School was managed by President Lorange.

His pragmatic approach and ability to carry out continuous environmental scanning enabled him to attain a clear understanding of the needs and priorities over time of the different stakeholders: market, corporate world, Faculty and Board. He combined this with a business perspective where economic sustainability has always been a key standpoint and driver for all strategic decisions. Moreover, *simple, clear* and *focused* characterised his preferences in terms of decisions. He also legitimated and consolidated his power base by asking the Faculty to make explicit their mandate and support, and thus the Faculty delegated power to him as IMD President with a clear mandate. Within this new scenario the Faculty College lost its influence and disappeared from the scene, since it had become useless.

On the other hand, Lorange gained power by legitimating his actions, taking advantage of the crisis scenario, his assertive style and his capacity in delivering early results. As a consequence his reputation, both internal and external, was consolidating because of his ability to lead an increasing and ongoing process of growth, profits and positioning of the School.

Moreover, Peter Lorange's entrepreneurial character, his competence to understand corporate customer needs for management education and his capacity to communicate them to the academic world, jointly with remarkable communication ability, shown in his dealings with Board, Faculty, Staff and corporate world, were critical in legitimating his leadership.

Finally, his ability to involve different senior Faculty in the Management and Operating Committee at the beginning, and then rotating them periodically with new ones clearly contributed to the legitimisation of his decisions.

In terms of ***features*** of the **inner** context Peter Lorange's leadership gained legitimisation over the period by: a) Minimising and simplifying academic structures and systems (no academic departments, no hierarchies, no titles, and no tenure); b) Setting a fair and flexible compensation system (buy-back, workload, bonus) and a highly competitive level, combined with clear and consistent guidelines for consulting and workload, that facilitated both a sense of partnership, and teamwork c) Faculty recruitment consistent with academic strategy; d) Increasing revenues and profits; e) Funding for research and infrastructure over time; f) Climate with high morale, satisfaction, optimism, openness because of favourable results; g) Culture built on teamwork, transparency, partnership, high academic standards, business relevance in teaching and research; h) Outstanding rankings position in the top tier of the premier league; i) Growth and consolidation of Learning Network model with the corporate world.

In terms of features of the outer context, changing economic conditions over the period of eleven years have demonstrated IMD's economic model to be solid and flexible. Finally, although the singularity of the model of this particular Business School awakens hesitations with regard to its academic profile and continuity beyond Peter Lorange, its main competitors have an increasing respect for IMD as a top world-class provider in executive education.

For further information see IMD Appendix VI.

Chapter VI: INSEAD

1. The study of the SLP at INSEAD over time (1990–2004) from a political perspective

INSEAD is a major player in the international management education industry; one of the world's largest top-tier graduate Business Schools, with two comprehensive and fully-connected campuses in Europe (France) and Asia (Singapore).

INSEAD was founded as a privately funded independent institution in Fontainebleau, France, in 1957. The Asia campus was created in Singapore in October 2000, to better serve INSEAD's regional and global partners. Both campuses are regional hubs in the School's emerging Global Learning Network.[170]

INSEAD was one of the first Business Schools to offer a one-year MBA programme. In addition to a large portfolio of Executive Development Programmes, both INSEAD campuses also offer the Executive MBA and PhD Programmes, together with an ambitious research agenda stimulated by 15 research centres.[171] In this regard, it seems relevant to note that research at INSEAD follows the US academic model, and thus, it emphasises both business relevance and academic rigour. INSEAD is a professional school (AIM/EBK, 2006) characterised by high academic research standards and

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[170] INSEAD Executive Education Brochure 2005, Archival material; www.insead.edu
[171] INSEAD Executive Education Brochure 2005, Archival material; www.insead.edu

scholarly impact. These qualities position INSEAD among the top global Business Schools.

INSEAD's presence in Asia dates from 1975 and the creation of the Euro—Asia Centre, making it a pioneer in teaching and research related to management on that continent. Its long-term commitment to business education in the Asia—Pacific region, reinforced by the Singapore campus since 2000, enables the School to provide a deeper understanding of the dynamics of Asian business to western companies while exploring potential for expanding Asian companies.[172]

Since May 2001, the INSEAD—Wharton Alliance has combined INSEAD's resources with those of the Wharton School, whose campuses in Philadelphia and San Francisco enable the Alliance to deliver business education and research across its Global Learning Network.[173]

INSEAD has grown and developed major strengths in business disciplines, focusing on innovative teaching and learning methods. In giving the greatest possible relevance to its research and teaching, INSEAD emphasises the development of close partnerships with leading firms around the world.

INSEAD provides a unique international learning experience. Participants interact with Faculty and fellow students in an unparalleled multicultural environment, gaining essential insights into international business

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[172] INSEAD Executive Education Brochure 2005, Archival material; www.insead.edu

[173] INSEAD Executive Education Brochure 2005, Archival material; www.insead.edu

practice. Currently, there are 144 Faculty representing 31 nationalities to teach 900 MBA participants, 7,000 executives and 71 PhD candidates.[174] None of the 90 nationalities represented in these programmes exceeds 10% of the total student/executive body.

The School's ever-growing community of over 32.000 alumni worldwide creates lifelong opportunities for professional development and networking. This global and multi-cultural perspective sets INSEAD apart in the field of international management education and research.

As an educational institution, INSEAD's mission is to promote a non-dogmatic learning environment that brings together people, cultures and ideas from around the world to: develop responsible, thoughtful business leaders and entrepreneurs whose actions create value for their organisation and their communities; and to create and disseminate management knowledge that expands the frontiers of academic thought and informs business practice.[175]

INSEAD's espoused values make a claim for *diversity* as a source of learning and enrichment; *independence* as a governance principle; *rigour and relevance* in teaching and research; *closeness* to the international business community; and *entrepreneurial* spirit.

In sum, three aspects distinguish INSEAD from other top-tier Business Schools: firstly, it is widely recognised as the world's most global Business

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[174] INSEAD Executive Education Brochure 2005, Archival material; www.insead.edu
[175] Executive Education Brochure (INSEAD company-specific programmes), Archival material

School. In this regard, INSEAD is the only top-tier School with totally integrated twin campuses in Asia and Europe (Singapore and Fontainebleau, France). Its alliance with the Wharton School creates additional opportunities in the US. Secondly, INSEAD is the only top-tier Business School to offer an intensive one-year MBA in international business administration, which is highly valued in the marketplace. Finally, INSEAD's multicultural diversity ensures that no one nationality, style or dogma dominates, either within Faculty or among students, resulting in a unique global management learning environment.

All this not only differentiates INSEAD from other top-tier Business Schools, but has also enabled the School to become a world-class institution. Thus, it seems particularly interesting to observe and understand *how* strategic leadership as a social influence process has shaped the strategic agenda-building and -executing, affecting the unfolding of events throughout INSEAD's growth, over time. Moreover, the particular scenario in which INSEAD has developed over time makes it of great interest to understand *how* key actors prioritise and legitimate their interests.

Next, the study addresses the INSEAD case: the overview of its history, and the main events that enable us to visualise the strategic leadership process through the strategic agenda-building and -executing over the period 1990–2004. Accordingly, it will visualise *how* the SLP operates along the chosen *strategic issue* that will act as a *vehicle* for its operationalisation – *Becoming a top international Business School.* This *strategic issue* will be observed through a *set of initiatives* or *episode* that has triggered decisions and actions aimed at achieving it.

For this purpose, the period 1990–2004 was divided into three different periods (*'social dramas'*[176]) according to turning points that have propelled important changes in the direction of the School (see Appendix): Period 1, Co-Deanship (Claude Rameau and Ludo Van der Heyden between 1990 and 1993, and Ludo Van der Heyden and Antonio Borges between 1993 and 1995); Period 2, Dean Antonio Borges between 1995 and 1999; and Period 3, Dean Gabriel Hawawini. The 'social dramas' at INSEAD were the points of leadership succession as the School changed from Dean to Dean.

However, in observing the strategic issue – *Becoming a top international Business School* – that this study has chosen as a vehicle for the operationalisation of the SLP over time, four sets of initiatives have been highlighted. These emerged as redefinitions of directions previously set by Philippe Naert and Claude Rameau during their co-Deanship between 1986 and 1990.

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[176] Pettigrew (1979)

Table 17: Strategic issue observed through three episodes arranged by Deanship

Business School	INSEAD			
Strategic issue	*Becoming a top international Business School*			
Period	1990-1995	1995-1999	1999-2003	2004
Set of decisions and actions to promote	Deepening the School's research strategy and profile	Launching a second campus	Making Singapore work	Launching a third campus

2. Overview of the history of INSEAD

INSEAD was founded in 1957as a privately funded, independent European Business School, three months after the Treaty of Rome. Its founder, Georges Doriot, was a French-born Harvard professor who wanted to provide cross-cultural business education and help rebuild the war-torn economies of Europe. He was a pioneer in management and teaching research who at the beginning of 1930 introduced into France the CPA case study method.

The inspiration to build a global Business School in Europe first came to him during the war years. The reality of Doriot's world was the consequences of a cataclysmically destructive war that had little respect for borders, and where the tremendous challenge of reconstruction would require leaders of vision, infused with a spirit of entrepreneurship and able to navigate seamlessly across the boundaries of language and culture. He envisioned an institution that was as grand in its scope and as malleable in its programme as the changing world itself.

Accordingly, Doriot wanted INSEAD to be a global institution rather than an American one, a Business School based in Europe but not exclusively for Europeans; although it would be based in France, it would intend to reach different cultures: a Business School for the world. Thus, from the very beginning, internationalisation became INSEAD's essence, installed at the core of its existence. People agree that INSEAD's history is based on its international dimension. "It is what INSEAD is all about. [...] This is our fate. We have to be that. It's in our genes."[177] In agreement with the Paris Chamber of Commerce, Doriot created INSEAD to be both international and independent.

By 1957, the political drivers in favour of a European Business School were reinforced by economic forces. The national economies that had been badly shaken by the Second World War started to recover and demanded people trained in management and with an understanding of countries and languages.

So the School became a success through its ability to attract excellent students. It was an exciting time. People believed in Europe's renaissance; Europe was just beginning to happen. There was a moment of strong economic growth so the context was very favourable and the School began attracting people who immediately obtained good jobs. In this sense, Antonio Borges, former INSEAD Dean remembers: "It became quite clear that the INSEAD programme attracted good students and those students had great opportunities, job opportunities."

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[177] Gabriel Hawawini, former INSEAD Dean

Very soon, INSEAD became the School to which everybody wanted to go. The INSEAD MBA turned out to be a magnet to attract high-quality views. Thus, INSEAD managed to innovate on the teaching side – e.g. bringing in people who had done PhDs in the US with the purpose of creating high-quality programmes with the latest ideas, developments and pedagogical models. For many years, the fundamental goal "was to attract great teachers and have great programmes."[178]

During the 1970s the School introduced executive education and fostered Faculty relationships with companies. In this way, INSEAD established itself as a dominant product in the European management education industry.

Thus, in 1975, under the leadership of Henry Claude de Bettignies, INSEAD started to offer executive programmes in Asia, mainly Japan and South-Eastern countries. This was the beginning of a key strategic movement towards the region, including the creation of the Euro—Asian Centre in 1980, the seed for the INSEAD's campus in Singapore that would eventually be launched in the year 2000.

By the mid-1980s, the scope and scale of INSEAD's activities had grown tremendously. The School had prospered as an international top teaching-oriented Business School – the leading institution of its kind in Europe,"[179] characterised by an innovative and entrepreneurial spirit.

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[178] Antonio Borges, former INSEAD Dean

[179] Letter from Claude Janssen to Board members, 26/5/86 (Barsoux, 2000: 175)

Two particular episodes marked this new-found respect for INSEAD. Firstly, in early 1984, INSEAD's main amphitheatre hosted the press conference about the European summit that took place at the Palace of Fontainebleau. The purpose of the summit was to agree on the calendar for creating a Single European Market[180]. During that occasion, François Mitterrand presented the first European passport to the audience. Secondly, in May 1988, Fortune International magazine provided dramatic confirmation of these perceptions featuring Antonio Borges, head of the MBA programme, on its cover,, and hailing INSEAD as the top-ranked Business School in Europe.[181]

Both events (the summit and the cover of the magazine) marked a sweeping renewal of interest in INSEAD for anyone with a concern for Europe. INSEAD started to be recognised as "the School that virtually invented the concept of international business education [...] the Rolls-Royce of European Business Schools".[182] Thus far, INSEAD was perceived to be the number one Business School in Europe both within the School and by the management education industry.

However, as Europe swept away economic barriers on its march towards 1992, companies turned increasingly to managers unfazed by linguistic and cultural boundaries.[183] Thus, they demanded that Business Schools transform themselves into centres of scholarship that would attract the best and brightest professors and programme participants.

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[180] It was during this summit that the date of 1992 was established; the official announcement of the accord was made in the School (Barsoux, 2000)

[181] Barsoux (2000)

[182] *Fortune International*, 'Europes's best Business Schools', 23/5/88 (Barsoux, 2000: 175)

[183] *Fortune International*, 'Europe's best Business Schools', 23/5/88 (Barsoux, 2000: 175)

In this vein, by the end of the decade, INSEAD was emphasising the recruitment of Faculty that had excellent evaluation in terms of research performance. This shift enabled the School to bring "a new wave of more academic oriented people that provided a lot of renewal."[184]

During the 1990s, the development of technology, with the appearance of the Internet triggering a revolution in communications, fostered INSEAD's adjustment to environmental trends. Thus, towards the end of the decade, with the intention of remaining loyal towards its international destiny, the world witnessed INSEAD's decision to stay on as a top international and multi-cultural Business School. "This is one of the main reasons why we also went to Asia."[185] In 2000, the second campus, in Singapore, was launched.

To sum up, in four decades, INSEAD has been able to reach the world-class top tier group of Business Schools; shifting "from an entrepreneurial venture to an internationally regarded institution."[186]

3. Strategic Leadership Process at INSEAD: Period 1990–1995.
Co-Deanships: Claude Rameau – Ludo Van der Heyden
Antonio Borges – Ludo Van der Heyden

3. 1. Background

Towards the 1980s, the School began to shift from being a successful educational institution to a more powerful academic research-oriented

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[184] Antonio Borges, former INSEAD Dean
[185] Antonio Borges, former INSEAD Dean
[186] Barsoux, 2000: 3

organisation. It was during this decade that the idea of not only requiring very good teachers and credibility with companies, but also the ability to generate research and to compete on the research front with the American Schools, became a priority.

During the end of the decade, Claude Rameau and Philippe Naert were INSEAD's co-Deans (1986–1990). It was Rameau's second period. He was an entrepreneurial businessman who reinforced the School's executive orientation and got INSEAD "to establish a very strong and effective economic model."[187]

Rameau understood the particular phase INSEAD was undergoing: unless its Faculty got serious about research, it would find itself obsolete. Consequently, transforming INSEAD so that it would be recognised as one of the world's top five Business Schools implied having critical mass: in terms of Faculty size, in terms of research, and in terms of the volume of the service proposed.

As for Naert, he was an academic with considerable experience, especially in research. In this regard, he argued for INSEAD's responsibility to innovate and to assert leadership in the creation of new concepts and ideas that contributed forcefully to thinking and knowledge in the particular European environment in which it operated.[188] As the School matured, it became more and more important to produce knowledge as well as to disseminate it. Thus,

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[187] Antonio Borges, former INSEAD Dean

[188] Minutes of the Board Meeting, 18/3/88 (Barsoux, 2000: 179 - 180)

Naert's main thrust was to secure a better balance between "the **transfer** of knowledge (teaching) and the **production** of knowledge (research)".[189]

Naert had an uncluttered view of what needed to be done to hoist the School into the very top tier. In his presentation to the Board in March 1986, he exposed what he saw as INSEAD's lingering weaknesses: the inadequacy of research per capita and the weak image in the 'academic community'. Accordingly, he proposed to increase the size of the permanent Faculty body by about 50% and to create a doctoral programme.[190]

In this regard, some people assert, "If we wanted to be the top Business School in the world, we needed a PhD."[191] Moreover, after having hired so many PhDs from foreign universities, there was a feeling that the School should "reciprocate" that and create PhDs that would teach all over the world. Thus, INSEAD launched the PhD programme "to become better as an Academic Institution."[192]

Accordingly, Henri-Claude de Bettignies, one of the earliest Faculty members of INSEAD who devoted himself to creating a position in Asia and later on founded the Euro—Asia Centre, agrees that launching the PhD programme had a strong impact on the Business School because "it was an attractive dimension for Faculty recruitment; it had a great impact on the research outputs; and it would enhance the visibility."

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[189] *Financial Times,* 9/11/87 (Barsoux, 2000: 179)
[190] Minutes of the Board Meeting, 10/3/86 (Barsoux, 2000)
[191] Claude Janssen, former Chairman of the INSEAD Board
[192] Claude Janssen, former Chairman of the INSEAD Board

Towards the end of 1980s and after several obstacles had been overcome, INSEAD had launched its doctoral programme, the Euro-Asia centre, numerous new executive programmes, a mass of cases and working papers, and 34 new PhD professors had been recruited, to bring the total up to 79 in September 1990.[193] These facts were the result of Naert's main legacy to the INSEAD community: the importance of developing research capacities and abilities and "how to recruit in a very, very systematic manner."[194]

It seems relevant to highlight Claude Janssen's key role as Chairman of the INSEAD Board, in facilitating every strategic decision during these years. Janssen, had been very involved with INSEAD since its foundation thus, he knew the School very well and considered his role as a *'bridge'* between the Dean and the Board. Accordingly, if he was comfortable with the strategy, then, he took it upon himself, to sell the idea to the Board.

In talking about the role of the Chairman of the INSEAD Board, Ludo Van der Heyden agrees Claude Janssen "was excellent Chairman because he was always looking at us but he was never making decisions. He would sort of say, 'Look, this is not very good. You have to pay attention to this.' But he was quite, the Governance relationship was a very healthy one, at a close attention, 'You come and see me every month, you tell me, we discuss and I'll back you up. But you have to tell me everything new. I don't want to discover it.'"

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[193] Minutes of the Board Meeting, 9/3/90 (Barsoux, 2000: 187)

[194] Antonio Borges, former INSEAD Dean

3. 2. Co-Deanship: Claude Rameau – Ludo Van der Heyden (1990 – 1993)

In 1990, Ludo Van der Heyden, former head of R&D, took over from Philippe Naert as the new co-Dean, alongside Claude Rameau.

The co-Deans had to handle INSEAD's three dimensions: an academic dimension, a managerial and business dimension, and a multi culture dimension. Two complementary people, sufficiently different from each other, were thought to be able to reinforce INSEAD's development, since one individual could not cover all the qualities that were required. One would play the Director General's role and the other, the Faculty Dean's.

Thus, both Rameau and Van der Heyden constituted INSEAD's co-Deanship during the period 1990-1993. Claude Rameau was the business man who had been part of the *founders* of INSEAD. He was a former academic with an INSEAD MBA, and also a consultant. He loved the School but he was not really an academic. In addressing their different styles, Van der Heyden recalls, "the Faculty looked at me as their representative in the management, and the business people looked at Claude Rameau. He managed the external side."[195]

While Rameau was in charge of the executive business affairs, Van der Heyden was really an academic who had very little business experience. He had the task of making sure that the PhD programme and the new professors

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[195] Ludo Van der Heyden, former INSEAD co-Dean

became successful. He aimed at generating a "model of synergy"[196]; a good mixture of relevance, rigour and revelation.[197]

However, as soon as he was appointed, INSEAD had to face both internal and external challenges. As for the internal, the arrival of new professors created two different groups within the Faculty. This triggered a situation "a bit difficult to manage."[198]

With regard to the external environment, the Gulf War crisis broke out, and produced a worldwide recession which affected INSEAD through its impact on the business industry: tailor-made programmes were cancelled or postponed; several on-going pledges were cut back; executive programmes suffered too; and there was a significant drop in applications and admissions for the MBA programme. As a result, revenues were reduced to the extent that they produced the first deficit in accounting results for over a decade.[199]

Accordingly, Ludo Van der Heyden recalls, "The first Irak War which was 91, I think, all the Americans started to stop travelling, and we immediately lost revenues, so we were in the red. But in addition [Rameau] was managing executive education and our executive education Dean had mismanaged the budget or his Staff mismanaged the budget by close to a million euros. So, you know, the two together, created two million euros of deficit and we had to go to the Board with a deficit for our first time. And we knew that the Board would

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[196] Ludo Van der Heyden, former INSEAD co-Dean
[197] Barsoux, 2000
[198] Minutes of the Board Meeting, 9/3/90, (Barsoux, 2000: 187)
[199] Minutes of the Board Meeting, 6/3/92 (Barsoux, 2000)

let us run the School as long as there was no deficit so we were in trouble. And then, out of that point I said, 'Look, I'm willing to assume mistakes that I'd checked. It's very hard to assume mistakes that you are not responsible for.' So then we started to co-manage. I said, 'Claude, we need to make decisions together; you can't just do your take on your own. [...] So we started to behave more collegially, and I think we had a good time."

The situation worsened over the following years. The drop in market demand was accentuated by heightened competition in the management education sector, forcing the market to become tighter. Such critical scenario affected INSEAD's research budgets and teaching loads. In addition, Faculty compensation fell once again, and hindered INSEAD from being a particular attractive proposition for *"top-flight"*[200] academics.

Accordingly, the recession provided a forceful reminder of the School's lingering financial vulnerability. INSEAD had gone through a period of strong growth and its on-going development called for the need for raising funds. In this regard, Claude Rameau recalls, "We wanted to have more, more Faculty because we were stretched in terms of Faculty. So we agreed [...] that a fast growth of Faculty would be impossible without new type of financing."

However, many members of the School's Faculty and Board showed hesitation about getting drawn into fundraising activities. Rameau remembers "I convinced the Board that a capital campaign was the only possibility for

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[200] Barsoux, 2000: 193

really having a push for Faculty recruitment. But we could not do that only through more executive education. It was too small and too low."

In March 1992, the Board agreed to launch a feasibility study, which one year later proved optimistic initial findings. Supporters of the School interviewed by the consultants confirmed that they would back a very ambitious campaign provided that INSEAD could present a clear and convincing development project.[201] In this regard, Rameau recalls, "the feasibility study was very positive for launching the capital campaign."

In September 1993, the *Wall Street Journal* rankings rated INSEAD's Advanced Management Programme, first in its survey of executive education worldwide. In addition, research centres were developed, and their outputs were immediately transferred to the classrooms.

3. 3. Co-Deanship: Antonio Borges – Ludo Van der Heyden (1993 – 1995)

By 1993, Rameau's tenure had come to an end and Antonio Borges, former Associate Dean of the MBA, was appointed co-Dean in his place, alongside Van der Heyden. Even though the two men respected each other and agreed on where the School should be heading, their styles were not complementary. Borges had spent three years away from academia, as deputy governor of the Bank of Portugal. He was forceful and determined, while Van

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[201] Barsoux, 2000

der Heyden who had always been an academic, was more questioning and consensual, and always positioned himself as a "primus inter pares."[202]

Borges arrived at INSEAD in a climate of financial crisis not entirely attributable to the recession but to the bad habits that the School had developed and to its overrun expenditure budgets. However, such a critical scenario enabled him to generate a sense of urgency which facilitated the necessary changes. In this regard, there were freezes on Staff salaries, a slowdown on investments, tightened cost control and a block on recruitment. Job restructuring drove a head-count reduction of 18 positions within the Staff.[203]

Single or dual Deanship structure?

Borges was expected to do the external work and Van der Heyden, the internal. However, it mostly "turned out to be the reverse."[204] While the previous co-Deanship had combined a business man and an academic, the current one didn't.

Thus, the lack of complementary roles between Borges and Van der Heyden fuelled their difficulties in making the co-Deanship work. In this regard, Van der Heyden recalls, "There was something very clever about the co-Deanships, which was the checks and balances—we kept talking to each other. [Claude Rameau] was a business man, I was an academic. And Antonio

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[202] Barsoux, 2000: 201
[203] Minutes of the Board Meeting, 2/12/94 (Barsoux, 2000)
[204] Barsoux, 2000: 200

Borges was an academic and I was an academic. [...] And somehow we didn't produce a good team."

The main virtue of the co-Deanship structure was held to be that the two members had more time and energy to devote to a very demanding task. "The dual structure was bringing some common sense at the top, because you have 2 different view points."[205]

Some people saw it as integral part of the School's delicate balance of interests and constituencies; the embodiment of a collegial style of decision-making. "What's very good about this system is you see, because it was a collegial structure, no decision could be made until both agreed."[206]

Others thought it was inefficient, ineffective and a contributor to the current financial difficulties; a luxury that the School had only been able to afford in more prosperous time. "The benefit of the single Dean structure was rapid decisions making, speaking of a single voice."[207]

In this regard, some Faculty felt "a bit tired of the double Deanship. We all found that the disadvantages now, over took the advantages of having two people that are co responsible and can share the tasks. The disadvantages of the potential quarrels, the potential conflicts, I mean, we saw them growing and I

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[205] Ludo Van der Heyden, former INSEAD co-Dean
[206] Ludo Van der Heyden, former INSEAD co-Dean
[207] Ludo Van der Heyden, former INSEAD co-Dean

think that quite a few people at the Faculty said, “It’s time to go to go to a more traditional structure with one person in charge.”[208]

However, even though there was a sense of mistrust towards such model due to delays in decision-making, ambiguous responsibilities and lines of authority,[209] there was also a lot of concern that a single Dean would have too much power.

Thus, when Van der Heyden’s co-Deanship term came to an end, he made it very clear that he would not be re-elected for a second time, whereas at the same time, Borges stated, “If you want me to continue I want to be single Dean.” It was at this point when some Faculty members said, “It’s time to go to a more traditional structure with one person in charge.”

In this regard, facts started to push the School in favour of a single Dean. Among these, there was a sense of declining Faculty morale that needed to be addressed urgently by installing a Dean of Faculty that devoted full attention to issues of Faculty management such as recruitment, promotion, and compensation systems, among others.

Given that the INSEAD Faculty strongly supported the decision to change structure, Antonio Borges was appointed Dean in 1995.

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[208] Arnould de Meyer, former Dean of the INSEAD Asian campus

[209] Barsoux, 2000

3. 4. Analytical tracing of critical 'issues' during the period 1990 – 1995: "*deepening the School's research strategy and profile to compete with top Business Schools*".

Driven by the interest to compete with top US Business Schools, several initiatives were raised to the strategic agenda over this five-year period (1990 – 1995). The study focused on the following three: firstly, making the PhD Programme successful; secondly, recruiting and integrating new Faculty with strong research background and developing INSEAD's research activities; and finally, facing the School's financial crisis (1991 – 1994) and improving INSEAD's economic model to enhance its sustainability by launching a Capital Campaign.

In summary, co-Deans recognised that for INSEAD to become a top Business School in the international market, it needed to reach an academic standard comparable with top US Business Schools, not only in teaching, but also in research. To achieve this, the School got involved in an aggressive strategy of hiring faculty with strong research skills, as well as the PhD programme initiative which had been launched in 1990.

However, INSEAD's economic model remained dependant on revenues from teaching activities. Moreover, due to the Gulf War in 1991, the difficult economic context impacted dramatically on the management industry, reducing the demand for INSEAD's executive education. Consequently, INSEAD's operating budget showed deficit. Thus, key actors agreed about the need to look for new income sources to strengthen the School's economic model. In this regard, a development campaign was launched to raise funds for INSEAD's academic purposes.

3. 4. 1. Critical elements for the new vision to succeed.

In observing the episode related to the purpose of deepening INSEAD's research profile and strategy during the period 1990 - 1995, the study suggests it consisted of a *successful breakthrough initiative* since it implied a turning point in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

The two co-Deans, Ludo Van der Heyden and Antonio Borges, sponsored this breakthrough set of initiatives. The succession of Philippe Naert by Ludo Van der Heyden aimed at continuing to strengthen INSEAD's research strategy, competences and capabilities. During his co-Deanship with Claude Rameau, Van der Heyden was oriented towards the consolidation of the PhD Programme and promoting Faculty with a research profile.

3. 4. 2. Legitimisation and Power mobilisation

Legitimisation of the initiative to improve INSEAD's research capabilities (launching and consolidating the PhD programme, hiring Faculty with stronger research background, etc.) was based mainly on the *vision* of the co-Deans (P. Naert, Claude Rameau, Ludo Van der Heyden and Antonio

Borges) rather than on the demands of corporate management education market. Thus, *issue-sponsorship* was the key driver in encouraging and legitimating this strategic issue that critically influenced INSEAD's nature.

Both Co-Deans and particularly, Antonio Borges, carried out a smart "issue selling" process to make the Faculty understand and share these initiatives, underlying their relevance in reaching INSEAD's international strategy and success in order to be consolidate as a world top Business School.

Borges displayed an effective communication and coalition-building activity to get support for the initiatives. He appealed to both Faculty and Board's interests in order to make them understand that those initiatives he promoted were strongly related to INSEAD's entrepreneurial and international culture.

To do so, he appealed to the INSEAD community's background— strongly entrepreneurial- and focused on the need to launch a capital campaign aimed at achieving the economic resources that would finance the School's research activities. He counted on Claude Janssen's (Chairman of the Board) support, an entrepreneurial and risk-taking business man who facilitated Borges to attain the Board's approval.

Borges introduced such initiatives as *sequential* steps towards the evolution of INSEAD's vision according to the School's strategic agenda previously set by Rameau and Naert. The study observed that those features of the outer context that *legitimated* this first episode were *corporate customers' demands, donors and benefactors,* and *competition*; whereas *performance* was a legitimating feature of the inner context. As for those features delegitimating the study found *climate, culture,* and *systems* (inner context).

In mobilising power to legitimate the initiatives, Borges *listens* to other people, *builds coalitions to overcome opposition* and *articulates* the initiatives with the School's vision and strategy. He *builds coalitions* with other people, uses *rational and assertive* arguments, and is *decisive* in carrying out strategic directions.

For further analysis see INSEAD Appendix IV.

4. Period 1995–2000: Antonio Borges

When Antonio Borges became Dean, his immediate concern was to restore the School's financial and economic situation. "We had lost a lot of money in the previous years. There was a big recession in Europe, and in the US. We were very sensitive to market fluctuations and we had lost a lot of money. So my immediate concern was to recover balance and not be worried about the budget. Second, was to reemphasise the research, dimension the academic seriousness. And I started with evaluation process (and that was very tough) of Faculty. And third, was more an opportunity that we had, which was Asia. Asia was doing very well. 'Let's see how much we, now that we're facing a big recession in Europe and in the US, maybe Asia is our opportunity.' And we focused very, very much on Asia. And then, the final element of this vision was the fundraising—the creation of an endowment and raising funds essentially for academic purposes. [...] The model of School that we had at that time was 'We have to have US standards, but we have to be very different from the US Schools. The standards, the quality of the Faculty, of the research, of the publication, have to be as high as in the US, but if we just become another US School, we loose our differentiation. So we want to be a lot more international, a lot more diverse, a lot more multi-country and so forth all the American Schools, which is one of the main reasons why we also went to Asia."[210]

Thus, as soon as he had become INSEAD's single Dean, Antonio Borges was clear about his strategic vision and priorities: firstly, to reinforce the School's economic sustainability so that the School's financial situation would be restored; secondly, to launch the development campaign so that funds would be raised for academic purposes and high research standards would be achieved; and finally, to reach INSEAD's differentiation.

As former head of the MBA programme, Borges was familiar with the inner workings of the School thus, he clearly understood how it worked and which levers to pull: setting such strong academic course at INSEAD required the full support of both the Board and the Faculty.

Changing the orientation of the School was a difficult task. "Borges took a textbook approach: renewing the people, aligning the systems and processes; using the full gamut of rewards and penalties at his disposal to

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[210] Antonio Borges, former INSEAD Dean

support the strategy."[211] Thus, he appointed a strong team capable of implementing the policies that he had in mind.

Two new associate Deanships were created to unburden the single Dean of excessive responsibilities[212]: the Dean of Faculty (Hubert Gatignon) and the Dean of External Development (Gabriel Hawawini). In evoking this, Borges recalls, "The concern of the Faculty was that with one Dean, the one Dean would have too much power. So the governance model was very, very seriously discussed, and the final decision was 'Ok, we accept one Dean but we want to reduce his powers so we are going to create a Faculty Dean, an Associate Dean of Faculty with enormous importance.'" Thus, Hubert Gatignon became INSEAD's first Dean of Faculty. He was proposed by the Faculty and then confirmed by the Dean. Very quickly, he became Borges' best ally since "he wanted to do exactly the same things that I wanted to do."[213]

Borges started out by addressing the academic level of activity. He advised the Board that "if each professor were to teach only the contractual number of sessions, [INSEAD] would need up to 50 % more Faculty members."[214] Moreover, INSEAD's current level of activity was undermining the School's ability to invest in academic renewal. In this regard, even though the School had attracted 35 new professors between 1990 and 1995, 28 had departed.[215]

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[211] Barsoux (2000: 205)

[212] Barsoux, 2000

[213] Antonio Borges, former INSEAD Dean

[214] Minutes of the Board Meeting, 8/12/95 (Barsoux, 2000)

[215] Board meeting, 22/3/96 (Barsoux, 2000)

Thus, Borges focused on recruiting, fostering the Faculty growth at a steady rate of 13% per year during his tenure. To help attract and retain a research-oriented Faculty, a number of systems and incentives were introduced or changed. In this regard, Martín Gargiulo, current INSEAD Faculty, asserts, "INSEAD Faculty perceived that it was only through research that tenure could be achieved. This was driven to the extent that Antonio said to the Faculty, 'Do not over invest in teaching,'"

Accordingly, those 12 new professors who joined the INSEAD Faculty by June 1996, were given reduced teaching loads, two bonuses known as 'fifth day buyback' and 'summer support', jointly representing a 40% increase in base pay for those willing to use their discretionary time to do research rather than outside consulting. In addition, they were helped with relocation costs, and their spouses were assisted to find suitable jobs.

Existing Faculty also received incentives: chairs, professorships, research support for programme directors and a strong programme of sabbaticals. Hence, not only additional teaching was compensated but also research. In this regard, Borges remembers "There was for the first time, significant differentiation in salaries depending on how people were doing on the research side." The Associate Dean of Faculty assessed the research performance of each Faculty member in terms of "Not only the research output but also the research input, the whole effort. In terms of papers, which ones had more impact and more reputation. People that got involved in conferences, seminars, people that got prices, academic prices."[216]

As a result, as new people came in, the process was reinforced since those new recruits had the same tendency. The PhD programme had a very big grow and the School devoted a lot of resources. "For example, a very important point was the peer pressure. If you are in Buenos Aires and Pilar, you are working on your own and thousands of km away from Harvard or Stanford or LBS; but if you are permanently visiting them, if you are constantly interacting with them, you feel the pressure all the time."[217] So INSEAD allocated resources into funding Sabbaticals, conferences and seminars, "Telling people, 'if you, if you are working on a paper with somebody in Chicago, here is the money to spend six months in Chicago; and here's the money to invite people to come from the best universities to come and stay at INSEAD' because that created the peer pressure."[218]

Thus, it was Hubert Gatignon who facilitated setting INSEAD's direction in place, reinforcing the processes behind Faculty recruitment, evaluation, and compensation. "It was Antonio that drove us really into the research direction. He really made it clear it was important that we became research-oriented."[219] He introduced a significant change in the direction towards more serious academic standards. Borges recalls, "Instead of

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[216] Antonio Borges, former INSEAD Dean
[217] Antonio Borges, former INSEAD Dean
[218] Antonio Borges, former INSEAD Dean
[219] Arnould de Meyer, former Dean of the INSEAD Singapore campus

compensating only for additional teaching, we gave pretty substantial bonuses to the good researchers, to people who had a strong record in research."

But there was part of the Faculty who did not agree with the School's new strategic direction and with the new systems and processes that were being aligned with it. In this regard, Arnould de Meyer remembers that in arguing about these new systems, 'teaching-oriented Faculty' charged those 'research-oriented', "You are researching and you are paid all the money that I earn as a teacher."

However, Borges felt that thus far, the system had been absolutely unfair towards those research oriented Faculty. He recalls, "I had to prove very carefully (this is a very important point) that the system was absolutely fair and that I was correcting an unfairness because those who taught more got more money. Those who did not teach more but did more research, did not get anything so we had to, those who did more research had to get more money because that compensates for those who get more because they teach more. So this was perceived as matter of fairness and it was also perceived as, I communicated, insisted very much that this was also a matter of freedom. You know, some people choose to do teaching, fine. They do teach, they get more money if they teach more than their load. Others choose to do research; they get more money for doing research. This is a matter of freedom."

Given the complexity of the economic situation during the years 1992 and 1993, Borges decided to deepen INSEAD's research orientation. However, in order to carry out the needed changes in the systems of Faculty compensation and promotion, it seemed crucial to launch a development campaign to raise funds for academic purposes.

4. 1. Launching the capital campaign

Borges felt INSEAD should achieve significant higher quality and quantity of academic research output by recruiting more Faculty members with solid research agendas and putting more emphasis on the PhD programme launched in 1989. Given that the School would need financial assistance to fulfil this purpose, he made the fundraising campaign a top priority.[220]

Thus, INSEAD's capital campaign (which had been started in 1993) was officially launched in September, 1995. A grand affair took place in the courtyard of the palace before 350 guests. Several early benefactors spoke to the audience to affirm their faith in the School. Borges revealed the target figure of 700 million francs, and explained that INSEAD's future depended on its capacity to contribute to the production of new ideas in management, not just to disseminate existing knowledge. "This campaign is not only about resources and about capital. In many ways, it is also the ultimate market test for INSEAD ... Nobody will support something they don't believe in. nobody will continue funding INSEAD unless we are doing the right things."[221]

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[220] Garg (2003)

[221] The INSEAD Campaign Launch, INSEAD video, 30/9/95 (Barsoux, 2000: 203)

Assembling the nucleus fund prior to officially launching it took longer than expected. The prevailing attitude in Europe towards donating money to Business Schools remained highly ambivalent. Thus, the campaign had been carefully prepared in order to prevent the School from making any mistake. "It was a whole apprenticeship for INSEAD."[222]

However, the delay proved helpful in some respects. For example, it facilitated Van der Heyden spending much time in interviewing each Faculty member individually in order to establish a list of the research projects they had in mind. This helped to bring them round to the idea and neutralise their opposition towards the campaign.

By 1998, two years before the campaign ended, INSEAD had raised 60% of the amount (i.e. € 60 million). Thus, Antonio Borges appointed Gabriel Hawawini, who was in charge of the Finance Department, Dean for Development. "[I was] asked to come in to help. Two more years left to the campaign, and we had raised only 60% of the amount. And Antonio said, "We're never going to make this. Two more years left to raise 40 million."[223] Hawawini accepted and was appointed Dean of Development. He recalls, "I started in '98, 6 months to get everybody to work together because there was a mess internally, and then the stock market went to the roof. All we had to do is go and ask for money. And we raised in 2 years, because we did more that 100, we did 120. We raised 60 million in 20 months."

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[222] Barsoux (2000: 202)

[223] Gabriel Hawawini, former INSEAD Dean

The process engaged quickly and had a rapid impact on the School. It encouraged closer and more regular interaction between the Dean and the Board (particularly, with its Chairman), the Board and the Faculty and between the Dean and the alumni. The Dean's job became much more externally oriented.

Moreover, the campaign also had a significant impact on the composition of the Board. In 1994, six of the 24 members were alumni. By 1998, the number had climbed to ten. This progressive renewal of the Board driven by the campaign also changed its functioning. The fact that most Board members had made a financial and educational investment in the School made them feel more involved. Thus, they expected to receive detailed information before Board meetings and to participate fully in the decisions regarding the School's development. As a result, the Claude Janssen (Chairman of the Board at that moment) and the Antonio Borges had to invest more time in explaining and influencing Board members about the advantage of each particular initiative.

As for the Chairman of INSEAD's Board, Claude Janssen played a key role during the campaign, always on hand to advice and support Borges. He refused to meddle with the internal running of the School. Rather, he took an active involvement in the external affairs devoting time and energy in persuading the business industry about the convenience of financially supporting the School.

To sum up, INSEAD's first development campaign (1993 – 2000) achieved €120 million in corporate and private sponsorship. The success of such an ambitious campaign substantiated the School's credibility with the business community, generating not only funds and visibility, but also commitment. Those who made financial contributions became keen supporters of the School's vision.

4. 2. Reinforcing the Faculty Evaluation Committee

Thus, Borges was committed to reinforce the shift that INSEAD had undertaken during the foregoing period when the School aimed at becoming a top-league Business School, becoming an academic research-oriented place. In this regard, he recalls, "The point that I made was that the reputation of INSEAD is crucial for the success of the teaching. And the reputation is given by those who produce the best research. That was the point of view."

Hence, Borges understood that not only high level teachers and outstanding credibility with companies were required but also the ability to generate research and to compete on the research front with the American Schools. "That of course was a challenge—number 1 because the competition was very tough but also because there was always a concern and a serious concern that by focusing on academic objectives and particular on research specially theoretical research, INSEAD would loose its ability to work close to the companies; that the academics that were the best researchers very often were people that companies did not want to talk to. And this concern existed all the time."[224]

Moreover, there was also to certain extent, another concern that great researchers might not necessarily be great teachers, and therefore the model of the School which was based on high-quality teaching, would be jeopardised. However, the School had already proven on the '80s and '90s that this was not incompatible; that INSEAD could have extremely high-quality researchers who were credible with corporations, who could also develop strong links with companies that supported the School's direction, and at the same time, were excellent teachers.

However, even though some members of the Faculty agreed with INSEAD's shift towards a more academic inclination, others wanted a more business oriented kind of profile. In this regard, Borges reinforced the *Faculty Evaluation Committee.* He asserts this process "was extremely interesting, influential and credible because it was driven by the Faculty. The evaluation committee was elective, at least half of it was elective the other half was nominated by the Dean. The Faculty determined some guidelines, some criteria for evaluation and then the committee deliberated very seriously investing a lot of time in the process, got outside input, and made the recommendation to the Dean. And the Dean then decided. Of course the Dean could reverse the recommendation of the committee but every time they reversed it, it was painful in particular for the people concerned because or that meant that they

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[224] Antonio Borges, former INSEAD Dean

were all going to be promoted or kept the Faculty by the favour of the Dean not by the respect of their colleagues and that was always a sting in their CV. So this process became a very powerful instrument."

During Borges' tenure, this process which had been installed during the foregoing periods was very seriously toughened: the Dean would nominate very serious and credible academics for the committee. The Faculty would elect three and the Dean would nominate another three. There was a very strong reliance on external referees. To get recruited or promoted or to be kept in, the Faculty had to get a lot of support from the outside and from the peers throughout the world, and according to Borges, "there was no hesitation in removing people or not promoting people, even though they were old timers, even though they were very good teachers, even though the School needed them badly but simply because they were not good enough on the research front."

Thus, the reinforcement of the process of evaluation became a lot tougher but at the same time, extremely legitimate—nobody could argue against it because it was the judgement of the profession. It was not some arbitrary judgement for any Dean or any Director General; "it was the profession exercising its judgment on the candidates."

4. 3. Launching the Asian campus

Background

Driven by the vision of Professor Henri-Claude de Bettignies, INSEAD's relationship with Asia began in the 1970s. He believed in the emerging importance of Asia, the critical value of developing a better understanding between the European and Asian businesses, and in the opportunity represented by Asia's unexploited markets.[225] Thus, he convinced INSEAD's Board to create a special structure called the Euro-Asian Centre, which was formed as a non-profit club of corporations with its own budget, reporting procedures, Board of Directors, and a Director General who was an INSEAD Faculty member.

In this regard, de Bettignies recalls, "I saw that Europe was very ignorant about Asia and I tried to convince the institution to hold, organise and develop an agenda, a research agenda; and to try to promote a bit of understanding of what was happening in Japan and Asia. And eventually, to make the story short, develop into something which was called the Euro-Asia activities starting in 1974 and then, through some pressure of my part, I was given the possibility to develop the Euro-Asian Centre, which was opened in, or created in, 1980. And then, in 1985 I put up a new building called the Euro-Asian Centre building which is where we are today."

The Euro-Asian Centre was designed to build a base of knowledge to enhance the ability of European and Asian businesses to work together through research, public and company-specific executive programmes, publications and annual forums. Faculty trips financed by INSEAD were also organised to

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[225] Garg (2003)

enlighten the Faculty on activities in the region and further develop their interest.

Towards the end of the 1980s, an Asian economic crisis impacted the centre. "It was very small. And they were going to shut it down."[226] Thus, Gabriel Hawawini was appointed Director of the Euro-Asian Centre in 1988, and remained in that position until 1995. He remembers, "The demand was very weak. I came in, I turned it around and the demand picked up." Under his direction, the Euro-Asian Centre gained momentum. Executive programmes which were already being conducted in Asia increased significantly, and, by 1994, INSEAD had become the biggest provider of executive education in South-East Asia.[227]

In recalling the time in which he was in charge of the Eurasian centre, Hawawini asserts, "When I was at the Euro-Asian centre, I went to INSEAD and said, 'Euro-Asian centre has to go to Asia.' But I could not do an MBA there so I was already discussing with three locations where we would have to take the Euro-Asian centre in Asia, physically, to deliver executive education and to pose Faculty. Antonio Borges and Arnould De Meyer said, 'Good idea. Good idea to take the Euro-Asian centre abroad. But if you only do executive education you're going to have a hard time getting Faculty to stay there. [...] Do you know how to make the Faculty stay?' And I said, 'Yes, you have to have a degree program. You have to have an MBA there.' And then, Antonio and Arnould said, "Let's make this happen. But let's not do it for the Euro-

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[226] Gabriel Hawawini, former INSEAD Dean
[227] Barsoux (2000)

Asian centre. Let's take all of INSEAD because the only way we are going to get Faculty abroad is because the MBA's abroad. So they picked out the project. I had already a contact in Malaysia, in Hong Kong, in Singapore and then, they said, 'We are going to take INSEAD out there.' And that's how it started."

Thus, the beginning of INSEAD's presence in Asia started with the Euro-Asian Centre, which brought Asia to INSEAD, made the School credible and got its Faculty to fly there. By 1995, after taking over as Dean, Borges felt that INSEAD needed to clearly differentiate itself from other top Business Schools in the world. In this regard, Anil Gaba, INSEAD's Dean of Faculty during Hawawini's Deanship, recalls "There was also a greater desire to expand beyond Europe and not be known just as a European Business School." Being highly international was no longer adequate since more and more Business Schools considered themselves international.

Borges had no experience of Asia but stimulated by the *Asian miracle*, the *tiger economies* of South-East Asia, the importance of the *Japanese economy* and the *emergence of China*, he became increasingly interested in the region. Thus, in 1996, under the direction of Arnould de Meyer, the East-Asian Centre opened a representative office in Singapore.

However, when de Meyer examined the market potential of Asia more closely, he realised that the East-Asian Centre did not have enough capabilities to seize the opportunities; the East-Asia Centre operated on a marginal basis and had remained below its potential. In this regard, he recalls, "We needed to have a bigger ambition. I saw a big opportunity for INSEAD in Asia."

It was at this time that Borges realised that it could be through the East-Asia Centre that INSEAD would be able to differentiate itself, giving a real meaning to the concept of international business education. In explaining his viewpoint, Borges states: "We have to be as good as the Americans but we have to remain different and we already have this enormous hard stuck in Asia so let's go after that and have a two-campus School which would enhance the diversity which INSEAD has always had and create more opportunities for differentiation."

Moreover, he saw Asia was an opportunity to build up rapid growth which would fit with INSEAD's strategy of cultural diversity. He remembers: "Some companies were telling us, 'Come to Asia, we will build a campus for you, we will spend u$s 200 million to create a Business School. You just come and take it over.'"

However, Borges feared the East-Asia Centre would follow the path of CEDEP (European Centre for Continuing Education): become successful and in time, hive itself off as an independent institution from INSEAD, one which might sometimes compete with INSEAD. Thus, he agreed that INSEAD should lead the campus in Asia.

First steps

During the 1990s, globalisation trends fostered Business Schools to talk about catching up with the current scenario. In this regard, US Schools such as Harvard, Wharton, Chicago and Kellogg established alliances or opened research centres in distant countries.

It was in these circumstances that during a Faculty meeting, Borges introduced the idea of opening a second facility so that INSEAD would follow market demands by having real presence in any other part of the world. "If we don't do it now, another School will do it before us."[228] Some Faculty members recall that it was Borges who led the issue and that he had de Meyer's support. This issue fragmented the Faculty into three different groups: there was a group of enthusiastic Faculty (around 15%) that had expertise in Asia and promoted Borges' idea. They joined into a committee, and guided by Arnould de Meyer, were put in charge of analysing whether it made sense to go to Asia and what guiding principles to follow should that happen.

There was a second group (around 60%) who were concerned only about the risk that the decision could imply. This group was joined by all Faculty members who got easily excited about all the innovative projects that the School was presenting. Finally, the rest of the people represented the most conservative Faculty members who wondered whether such a decision accorded with the School's strategic vision or not. However, they knew that "If one had asked so many questions, INSEAD would have never existed."[229]

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[228] Antonio Fattás, former Dean of the INSEAD MBA
[229] Antonio Fattás, former Dean of the INSEAD MBA

De Meyer's group began examining why other top Business Schools were not taking advantage of the opportunity and going to Asia. They concluded that the bureaucracy involved on the university side prevented most of the Business Schools from carrying out this strategic decision. Particularly, two initiatives undertaken by top Business Schools were analysed: firstly, Harvard's executive education centre in Switzerland in the 1970s; secondly, the Graduate School of Business of the University of Chicago's executive MBA education centre in Barcelona. However, neither of these two models was considered to be similar to that which INSEAD was heading towards.

In relation to the decision on the Singapore campus, Ludo Van der Heyden remembers: "One day there was a Faculty meeting and Antonio sort of asked topic Singapore and we just discussed it. He said, 'Well, what do you have against it?' And people said, 'Well, we're not sure, let's think about it.' And then, at some point, the decision was to open a campus. So some Faculty members went to Antonio and said, 'When did we make the decision?' Antonio answered, 'Well, we talked about it. Nobody seemed against it. I assumed we were all in favour.' So there was no formal point about 'Let's have a vote. Let's make sure nobody can say we didn't discuss this.'"

In the same vein, Arnould de Meyer recalls: "Antonio took a decision and said, 'I put my reputation on the line. After having listened to everybody, being convinced by me, I as a Dean take a decision.' I know that in making that decision he had taken care of convincing Claude Janssen. So he knew that the

Chairman of the Board was behind him. The two of them together felt comfortable enough to go ahead with the project."

Thus, even though Borges knew that if he had taken a vote, probably the Asian campus project would not have received a clear majority vote among the Faculty, de Meyer recalls, "Antonio basically said, 'We have now decided to do it, now we have to get it through the Board."

It took six months to convince the Board to clear the decision. But Claude Janssen was determined to go ahead with it. There were some key Board members who felt that Asia was the future, and thus, INSEAD should try it. But there was also a lot of resistance that had to be overcome.

Accordingly, Borges states that given that opening the Asian campus "was a market-driven process it was relatively easy to prove that this was a relatively safe pad; that we had grown so much that this was more a method of continuity and that we were taking advantage of a position of market leadership compared to our competitors –nobody was in Asia then. We were very visible and so we should take advantage. So we defined that advantage relative to our competitors before they decided to do it. And so then, although people were sceptical, it was very easy to go ahead. [...] The Board of Directors also pushed by saying, 'You have to be bold, you have to do this.'"

By 1997, a feasibility study explored the possibility of expanding into Asia. Peter Jadersten, Marketing Director of the Euro-Asian Centre, was appointed to devote much of his time to research the Asia project. He first began by estimating the Faculty's level of interest and observed that even though much time had been devoted to talk about the Asian campus, "no studies of how the strategic plans could be made successful had been developed."[230]

Moreover, Jadersten also spent time researching the business education market in Asia. He carried out a survey from which he understood that the main criterion for MBA students choosing a Business School was the reputation of the School, not its location. This implied that besides delivering executive education programmes, INSEAD could attract MBA participants to the Asia campus as well.

Challenges and difficulties of the Asian project: one institution, two campuses

INSEAD's top management team recognised that even though a feasibility study was undertaken and different analyses concluded that the Asian project would be successful, getting the Faculty to buy in to the proposal would be the key challenge.

In addressing the different challenges and difficulties that were faced regarding the strategic decision to launch the Asian campus, de Meyer highlights that "First, convincing the Faculty to go there. Two, insuring that the

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[230] Garg (2003: 8)

Staff here was fully behind the project and people here that actually took ownership of the project there. The third one was to ensure that the quality of what we did there was the same as here. Fourthly, most of the management systems at INSEAD at that moment were very informal and you can't work if 10 thousand km away everything is informal. So we did put a lot of procedures and processes in place. And fifthly, we needed to ensure that, I mean, we had this slogan 'one institution, two campuses', that we remained one institution. In other words, that we remained very integrated."

Thus, after speaking to government agencies, local business communities, INSEAD's corporate partners and other relevant organisations, de Meyer shortlisted three out of eleven major cities in East Asia as potential sites for executive education and MBA programmes: Kuala Lumpur, Hong Kong and Singapore. Then, he undertook a visit to the three possible settings with Borges and Janssen. During this trip, Kuala Lumpur emerged as the favourite due to its excellent infrastructure and an attractive partnership offer by Sime Darby – a large Malaysian corporation.

Furthermore, two *get-to-know* Asian trips were organised for the Faculty to join the visits to the three favourite sites, to convince them to approve the opening of the campus. During these visits leisure tours were organised to show what life in those cities was like. Meetings were held with potential partners, local business community leaders, government authorities, INSEAD corporate supporters and local alumni. People felt that Singapore was the best of the three sites.

Faculty Discussions

According to Borges and de Meyer, the presentations delivered at the Faculty meetings about the progress of the Asia project in 1996 and 1997, were positively received. The concerns raised could be categorised in six groups:[231]

1. The Asian Business Area Faculty felt that by not tapping into their expertise, INSEAD had missed opportunities to better negotiate in Asia (the Faculty had not been especially called upon during the feasibility study and the decision-making process).

2. Some Faculty maintained the view that INSEAD should not expand but seek to become as prosperous and renowned as IMD in Switzerland. They argued that "a multi-campus institution was not necessarily the best or the only model of internationalisation; it could be equally well achieved from a single site."[232]

3. European lobbyists said that INSEAD should focus purely on Europe. Not being in the USA was bad enough; being in Asia was a total waste of resources.

4. Others raised concerns about operational issues such as Faculty management and challenges in managing global organisations. For example, getting the Faculty to relocate to Asia was a big challenge.

5. Some Faculty were unhappy with what they perceived to be a Machiavellian approach on the part of INSEAD's top-management team. Relevant questions were not given due attention or adequate discussion time.

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[231] Garg, (2003)

[232] Garg, (2003: 13)

6. Finally, there was a group within the Faculty that thought it was a good idea to have a campus in Asia. However, the project should be accomplished via several small milestones to manage the risk since in the event of failure, such a project could damage INSEAD's reputation and financial health. The following table depicts the benefits and risks perceived:

Table 18: Benefits and risks perceived regarding INSEAD's Asian campus

	Perceived benefits[233]	**Perceived risks**[234]
Asian campus	Booming market demand for INSEAD's executive programmes in Asia	Enormous financial risk and strain due to the massive investment needed; such investment would restrict INSEAD from taking up other new opportunities for several years
	Opportunity to assert an image of a *"one-and-only truly global Business School"*[235] by offering unique opportunities to MBA participants and executives	The two campuses could lose cohesion over time
	Increased opportunities for the recruitment of more Faculty, including some of Asian origin	INSEAD was actively engaged in a Development Campaign, Faculty recruitment and research; thus, it did not have large financial resources
	Opportunities for increasing research output on Asia	Fear of not being able to attract and retain enough Faculty on the campus in Asia; concerns about quality of programmes and brand dilution

Going ahead

During the Faculty meeting towards the end of 1997, before the Board was to take a yes/no decision, the INSEAD Faculty expressed its perspective about the project. In this regard, one professor recalls, "We were asked how many people were excited about the project. About 75% or so raised their

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[233] Garg (2003)
[234] Garg (2003)
[235] Garg (2003: 14)

hands. However, like for most proposals, we did not conduct a formal vote."[236] It was during this meeting that Singapore emerged as the site of choice. About en professors expressed their interest in moving to Asia.

Singapore had shared with INSEAD its plans to become an educational hub for the region. A senior government official of the Economic Development Board of Singapore had visited Paris and the INSEAD campus in Fontainebleau to meet with Antonio Borges and Claude Janssen. Soon after, Singapore came forward with a concrete and attractive proposal and showed its commitment by helping to arrange meetings with a number of ministers, senior government officials, local universities and the business community.

New risks

In July 1997, the Thai baht crashed, marking the start of currency crises, a collapse of banking systems and a series of corporate bankruptcies in several Asian economies over the following months. Major executive education customers of INSEAD were particularly badly hit due to the structural deficiencies of the Asian tiger economies.

Even though the INSEAD Board still supported the Asian project, the top management team was instructed to adjust the business plan to the new reality. However, economic conditions in Asia worsened more and more and investing in Asia suddenly became a critical decision. Borges felt the crisis

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[236] Garg (2003: 14)

would end shortly, and companies would need INSEAD executive programmes to recover, "I thought it would be short-lived. Asian, in the long term, would see good growth so I felt it was the moment to invest and it would be appreciated by the Asians."[237]

So by the end of Borges' mandate, the decision was already taken. It would be Gabriel Hawawini's mission, as Antonio Borges' successor and new Dean of INSEAD, to deliver it. In referring to the strategic decision of launching the Asian campus, Borges acknowledges that to run the project, study, do the analyses, do the calculations and negotiate the support, begin investing, "all of that was relatively simple ... what was really tough was to get the various constituencies to support the project. And that's because of the governance model of the School, it's quite particular. There is the Board, which ultimately makes the decisions. There is the Dean who is the CEO, important to the Board. But there is also a very powerful Faculty, very, very powerful, and powerful because they elect the Dean. So the Dean, to a certain extent, is also accountable to the Faculty having been elected by them. And there are some intermediate structures of management, which also reemphasise the role of the Faculty."[238]

Thus, Borges suggests that in strategic decision-making processes "You have to first build the consensus and get support, make sure that everybody is going to follow you and then, once you do that internally, you also have to do

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[237] Garg (2003: 16)

[238] Antonio Borges, former INSEAD Dean

that with the Board, and with the alumni, and with all the supporters, all the donors that provide the capital support for the School."

In talking about the decision to launch the Asian campus, Borges concludes, "The basic reason was that people thought that this was a very high risk project that was most likely to fail; that in fact, no other School advent this, which is true; and that we should focus, concentrate discussion with Fontainebleau to develop maximum, critical mass to compete with the Americans. That was the main opposition to the project. In the end, I think that, that judging by today's success, this was a good decision in the sense that not only this is a very viable project, one that is doing extremely well, but one that's really helping change INSEAD and keeping INSEAD different from the other Business Schools which is the whole reason for the success of INSEAD since its creation. In the sense it is not exactly like Harvard or Stanford, it is a different model. And the Asian campus emphasises that difference within a completely new perspective, which is this global perspective. But we will have to see, it's too early to tell whether in ten or twenty years' time this is too a very, very important, an innovating concept and whether the two campuses remain together."

In sum, Antonio Borges showed commitment and perseverance to achieve his purposes. He believed INSEAD could find its differentiation and thus, he worked to overcome every obstacle in accomplishing this. He was a visionary and as such, he could foresee the direction INSEAD had to follow.

In talking about Borges' leadership style, Arnould de Meyer asserts, "Most meetings we had were mostly more meetings where Antonio announced his decisions rather than discussions about 'what should we do?' among Associate Deans. That doesn't mean that he didn't listen, but he listened in individual meetings. He would talk to you, would talk to me, would talk to other people in individual meetings about the different programmes, about what we needed to do and he acted as a CEO. He was very clear in setting the strategy, giving guidelines to me in 'this is what you have to do' and we were operational managers, we were executing. I loved working with him. You felt comfortable. Because he was a businessman who set strategy and then said to me, 'You do this.' But then, he left me completely free about how to do it. He delegated all the operational issues."

4. 4. Analytical tracing of the critical 'issues' during Antonio Borges's Deanship (1995–1999)

Although a number of initiatives were on the strategic agenda of INSEAD over the four-year period between 1995 and 1999, the study focused on the following: firstly, the Capital Campaign already in progress, to raise funds for academic purposes (enhancing research capacities and activities) and thus, strengthening INSEAD's economic model; secondly, deepening research profile of the School by setting and implementing academic systems and polities, to become a top-tier Business School, not only in teaching but also in research; and finally, opening the Singapore campus to enhance INSEAD's differentiation as a leading School in the field of internationalisation.

As a result, during this period systems were shaped and aligned to INSEAD's strategic direction. In this regard, Borges states: "It's very important to keep in mind that INSEAD was always market driven because of the fact that it was always very independent, with no, the source of support of insignificant size, and with no endowment so it always had to follow the market. So many of the initiatives that we took over the years and which determined the shape of the School were actually imposed by the market. And so, the main difficulty of INSEAD was not to expand, grow, large new programmes. That was always relatively easy to do because the market pushed this in that direction. What was more difficult was to promote the academic and research side because the market did not demand that." In this regard, the opening a second campus in Singapore is a reflection of INSEAD's essence; "Asia is a very good example."[239]

Thus, the second campus in Asia became a milestone in INSEAD's history and shape. The vision was to become "one School in two campuses", with a single Faculty body. The new project, with the pressure to overcome the obstacles to open the new campus, could have threatened INSEAD's purpose of becoming a more research-oriented School because of the problems associated with dispersion.

4. 4. 1. Critical elements in going forward with the project of a second campus in Singapore.

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[239] Antonio Borges, former INSEAD Dean

Dean Borges was looking to differentiate INSEAD's international background in an ever more global and multicultural market. Thus, opening a campus in Singapore, with the School's experience, expertise and positioning in the Asian management education industry, became an advantage as an answer to the current market trends.

As for the initiative of INSEAD's development campaign, it was relatively easy to sell the issue to the Board and Faculty because of the needed urgency (issue salience). The challenge relied on raising the funds. Deepening research capacity and activities and opening the Singapore campus were bold initiatives, neither market-driven nor demanded by a significant number of Faculty. It was the Dean's personal commitment (issue sponsorship) that enabled critical actions for legitimisation. "He made very clear he wanted INSEAD to become a top School in the world, not only in Europe."[240]

4. 4. 2. Legitimisation and Power mobilisation

In this regard, the Dean showed sheer ability in building critical coalitions to support both initiatives among the Chairman of the Board, the management team of the School, as well as Faculty identified with the research and/or the Asia initiative. He looked for the support of those enthusiastic and entrepreneurial people who wanted INSEAD to have new projects[241]. Accordingly, Arnould de Meyer asserts, "The management of the School was very much behind him. He convinced us very much of the fact that that was the

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[240] Arnould de Meyer, former Dean of the Singapore campus

[241] Antonio Fattás, former Dean of the INSEAD MBA

right thing to do. [...] however, there was always a group of Faculty willing to emphasise the European roots of INSEAD. They wanted to remain as a European institution, very international but European. [...] Among them were some of the Senior Faculty."[242]

Each of the two initiatives generated both support and resistance within the Faculty and the Board. However, Borges' ability to communicate individually with people to build a consensus "hiding what he didn't want to say in public"[243] became a critical tactic in getting results. Borges based his demands on those values embedded in the School's culture since its foundation: being the most international, multicultural School in the world. It was INSEAD's entrepreneurial spirit that emphasised the need to turn it into a global School according to environmental trends, and differentiating it from its competitors. Thus, according to Borges, INSEAD needed to think beyond Europe. Given that INSEAD had invested resources (30% of its revenues) in South-East Asia since the 1970s, it was through its own expertise that Asia now represented an opportunity.

Antonio Borges was able to obtain enough support from the other key actors by building consensus through different means. "All methods: formal and informal; in meetings, formal meetings, and in conversations; or meetings that were spontaneously organised for the purpose, when people had a concern. And that's the point. At INSEAD, the Faculty are very close to the Dean. If a group of Faculty come to the Dean and say, 'Listen, we heard about this

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[242] Arnould de Meyer, former Dean of the Singapore campus

[243] Arnould de Meyer, former Dean of the INSEAD Singapore campus

concern, we are worried about this, let's discuss it.' The Dean says, 'Sure, let's discuss it.' Because you need to develop credibility, you need to invest in your reputation, you need to establish these lines of communication and then, they will support you. [...] Basically by building a coalition of people who were so interested and so committed. [...] In a place like INSEAD this is very, very important. In any professional service organisation, you have to have the troops with you. You cannot manage one of these organisations as if you were in the army—you just give orders and everybody follows. It's not how it works. [...] You have to have a Faculty in a supportive mode. But they are not the only ones. You then have the Board."

For further analysis refer to INSEAD Appendix V.

5. Period 2000–2004: Gabriel Hawawini

Gabriel Hawawini joined INSEAD in 1980. In 1988, he was appointed Director of the Euro-Asia Centre until 1995, when he returned to the Faculty as Head of the Finance Department. In 1998, he was appointed Dean of the PhD programme which he directed for one year, and Dean of Development, in charge of the fundraising campaign until 2000.

Thus, by September 2000, Gabriel Hawawini was an insider who had belonged to INSEAD delivering expected results for over two decades. After he had been elected by a majority of Faculty members (it seems relevant to note that he received 90 votes out of 96), the Board appointed him Dean of INSEAD.

5. 1. Singapore campus

Borges' bold agenda of shaping the School's profile to a more research-oriented institution and opening a second campus in Singapore stretched the organisation, producing both support and opposition. Thus, the choice of Gabriel Hawawini as the new Dean can be interpreted as a desire on the part of Faculty to look for a more consensus-oriented and participative leadership style.

"The style of Gabriel is much one of collegial management with Deputy Deans and with Associate Deans. He puts all kinds of committees and systems to manage the School in a collegial way. He runs the meetings to gather information and discuss the issues. Although he was not at all involved in the concept of the Singapore campus, he did an excellent job as Dean to ensure that everything was put in place to make the Singapore campus a big success. [...] After two years in place, Gabriel wanted to re-organise his governance structure because he felt that the more large and complex School required more delegation. So he appointed two Deputy Deans: Landis Gabel in charge of Faculty Research and Arnould de Meyer in Administration and Operations. And that's his way of saying, 'I run the School but I have two deputy Deans that actually run it for me.'"[244]

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[244] Arnould de Meyer, former Dean of the INSEAD Asian campus

Moreover, Hawawini's appointment could also stem from his strong reputation as a very effective task- and result-oriented person from his previous experience with the Euro-Asian Centre and the Development campaign.

As Dean of INSEAD, Gabriel Hawawini's main thrust was to ensure the success of the Singapore campus. In this regard, Anil Gaba, current INSEAD Dean of Faculty, remembers "Gabriel's main focus was on making sure that the Singapore Campus works well. That was really the main thing."[245]

However, many Faculty members (the older ones, those who had been at INSEAD at the beginning) wanted someone different who would stop the Singapore project. Even though the decision had been undertaken, the Faculty believed that the fact that a new Dean had been appointed would enable them to reopen the topic and thus, hinder the School from making a big mistake. Hawawini recalls, "When I was appointed Dean, and the project had been approved, there was still this question mark of can we actually stop it? Yes, it's too risky. Let's think again. You know, "Yes, we pushed it, it went through but ok, new Dean can we..."

But although some people put pressure on him, when Hawawini had been appointed Dean, the Chairman of the Board had told him, "You can do anything you want but you cannot go back on Singapore." So Hawawini knew he had to deliver the Asian campus. Moreover, he truly believed that stopping the project would be very bad for the future of the School; it could change

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[245] Anil Gaba, INSEAD Dean of Faculty

completely and become less ambitious, more internally-oriented and less entrepreneurial. And this was no good. Hawawini reckons, "So I had no choice between my own conviction and the Chairman's instructions. I had to deliver this, I had to deliver this."[246]

So Hawawini's next step was to mobilise the entire organisation around his mission. "Once the organisation realised that there was no return, even those who had a bit of hesitation, they realised that if they didn't participate in the success, they're going to pay a very high cost. So they had no choice. Those who were against became neutral, and that was what I wanted. So I knew that they would not create a problem for me. But they were right. They would not do anything to torpedo all the system. They would simply wait on the sidelines."[247]

However, in the course of the intended fulfilment of his mission, Hawawini had to face multiple challenges. By 2001, the economic crisis in the Asian countries was still critical; terrorism spread throughout the world so there was no more travelling; SARS appeared in the middle of Singapore. As Hawawini recalls, "Everything that could have gone wrong went wrong."

But INSEAD kept on pushing and trying to deliver good results, and the overall idea of being able to go to Asia was still attractive for the students. The School did as much as it could so that people would get an outstanding

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[246] Gabriel Hawawini, former Dean of INSEAD
[247] Gabriel Hawawini, former Dean of INSEAD

experience. "In spite all the problems there was still this attraction of 'let's go and see what's happening there'."

Over time, the Faculty who accepted to be sent there to teach for a few weeks, wanted to stay two months and then, even a year. "We have not seen one single Faculty that was sent there that decided to come back."[248] Thus, the Singapore campus was successfully delivered enabling INSEAD to increase the proportion of Asians on its MBA programme from 6% in 1998/1999 (just before the campus was launched), to 25% nowadays, making a major impact on the market.

However, the School's sheer growth, resulting from INSEAD's success in Singapore, also had a negative impact. Some Faculty members argue "To what extent an academic institution is able to grow so fast and assimilate such growth with no problems."[249]

5. 2. INSEAD – Wharton Alliance

According to Hawawini's vision, remaining a global Business School implies not only to be present in the European and Asian markets, but also in the American, especially in the US. In this regard, he states: "The conceptual vision is to say that the Business School of the future (not all of them, some of them) are no longer going to be a place… [However], if it's not a place, if it is not a production model, what is it? Is it a network of multiple locations linked

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[248] Gabriel Hawawini, former Dean of INSEAD

[249] Antonio Fattás, former Dean of the INSEAD MBA

together by a technology? The pieces could be different campuses but it could be an alliance. It could be a partnership. Partners don't have to be necessarily another Business School. A partner can be a company. So you can broaden this, and moving away from the concept of the production model, you say it is about networking and then the next concept is about life-long learning."

After he was appointed Dean, Hawawini was approached by the Dean of the Wharton School of the University of Pennsylvania, to establish an alliance between INSEAD and Wharton. At that time, Wharton had the problem of not being sufficiently international.

The alliance offered INSEAD the opportunity to have both global reach and global activity concerns in association with a partner with whom most of the Faculty had frequent contact.

Even though the Faculty supported the idea of building the alliance with Wharton, the Board disagreed. Hawawini recalls saying to them, "Look, the opportunity cost is zero. What are you afraid of? There's no money. Ok. It's three years. If it doesn't work, we stop. [...]So, they went along. I don't think the Wharton alliance was hard."

Hubert Gatignon, Dean of Faculty at that time, affirms: "We've MBA exchange; we have Faculty exchange which means that our Faculty continues to be paid by our institution but can do their teaching at the other School and the same thing for Wharton. We have executive education programmes, so we do jointly branded as alliance programmes. [...] And then a research dimension as well, in terms of trying to do something together, the two Faculties together, [...] to have more impact on the designation part of the research."

Thus, the INSEAD—Wharton alliance was announced in March, 2001, with the purpose of contributing to advancing scholarship and business practice. From the start, it focused on education and on developing the knowledge to meet the challenges of the changing global business environment. But after several years, some people felt the alliance was not satisfactory for INSEAD, suggesting that it is an unequal alliance since the INSEAD Faculty is providing the Wharton Faculty with much more original thinking than they provide to INSEAD. Moreover, as for the contacts that the alliance supposedly offers, most of the INSEAD Faculty was educated in the US system and therefore, the School is not really in need of any contacts. Accordingly, Claude Rameau asserts, "We don't need contacts, we need something else."

5. 3. The US campus Project

With regard to Hawawini's vision for INSEAD, "it's not enough to bring the world to Fontainebleau; we have to move towards the system of having multiple locations which Fontainebleau and Singapore are just the first two. [...] We have to move from the production-base model of Business School (site-based or place-based) and say, 'a Business School is not a place, it's a network. It is a network of multiple locations linked together. It is about networking, linking different institutions linking for learning. So the two main concepts are first, networking model and second, life long learning.'"[250] In Gabriel Hawawini's view, that's the prototypical Business School.

Hawawini wanted to open a third campus in the US. He counted on Janssen's support; thus, he thought he would be able to convince the Board. He recalls, "Janssen said to me, 'Yes, good idea. We're going to make this happen.' And I knew this because if I could convince him I could convince the rest of the Board members."

However, Janssen was soon replaced by a new Chairman, Cees Van Lede, who was Dutch, an INSEAD alumnus, international who was not ready to face such big decisions. Hawawini remembers that as soon as the Chairman was appointed, he presented his idea to him, "I don't believe in the third campus", Van Lede said, "Too early." Van Lede had just been appointed and did not want to deal with too many problems in the beginning.

Moreover, the Committee of Deans was not convinced either and therefore, they could not present the project to the Faculty. Thus, Hawawini found himself in a situation where he did not have all of his lieutenants firmly believing in launching a campus in the US.

Then there was the election to renew Hawawini's mandate as Dean. He had already stated that he wanted to take INSEAD to the US by launching a

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[250] Gabriel Hawawini, former INSEAD Dean

third campus. Even though the Faculty was not convinced yet, he said he would only stay for another mandate "if the vote in my favour starts with a 7."[251]

Hawawini hoped that because of his record and because of the relationship with the Faculty, the Faculty would come back with a very strong vote, and he would be able to take this vote and go to the Board and say, 'I have the Faculty behind me. We have to do this.' But instead of being an election for electing the Dean, it became an election about whether INSEAD was to go to the United States or not. The vote took place and Hawawini got 58%. He recognises, "So I lost."

In talking about what could have gone wrong, Hawawini analyses his past situation and says that he could have waited until he was elected. But he preferred to have the mandate. He did not want to undertake the US project unless he had the support of Faculty, and this could only be through a secret vote.

Most Faculty members agree that ey are really sensitive about the issue of the third campus. For example, some Faculty members assert, "When we talk about a third Campus, it's almost, the Faculty is allergic to this because the Faculty still remembers how the decision of a second Campus was pushed through without them. So now the Faculty will make almost everything impossible, just to make sure that this doesn't happen again."

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[251] Gabriel Hawawini, former INSEAD Dean

In addition, others suggest, “It couldn’t have been made at all. From the first time he mentioned the idea, which actually came very soon after he was appointed as Dean. it could be seen in a very, very long term that it could make sense. But it would take a very, very, very long time for this to be feasible to happen.”

In this regard, people explain that INSEAD has not got enough economic resources in terms of Faculty recruitment. “The competition in the US is extremely well established.”[252] Moreover, people think that competing with US Business Schools in their own market would be detrimental to the perceptions of INSEAD as a top academic institution. Finally, some Faculty members call for the need to develop first of all a different model of being global.

5. 4. Analytical tracing of critical issues during 2000 and 2004

A number of initiatives were on the strategic agenda of INSEAD over the “episode” we have considered, between 2000 and 2004. However, the study focused on two of particular relevance. The first critical issue, as soon as Gabriel Hawawini became Dean, was to deliver the Singapore campus. As the second one, towards the end of his first term of Deanship, he introduced the initiative to open a third INSEAD campus as a precondition to his remaining INSEAD’s Dean for another term.

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[252] Hubert Gatignon, former Dean of Faculty

As soon as he was appointed, Hawawini's priority was *'to deliver the Singapore campus'* successfully; otherwise, it would drag INSEAD into failure not only in economic terms but also regarding its reputation. Thus, as the Dean, he clearly focused on the *School's performance* and looked for *Faculty and Board support* on which he could easily count. In addition, he showed again his abilities to lead critical challenges and tasks (he had already been successful in restoring the feasibility of the Euro-Asian centre, as well as reinvigorating the Development Capital Campaign). Thus, for the Singapore Campus, he delegated to Arnould de Meyer for the start-up and motivated the entire School to focus on this mission until it became a success.

Once the opening of the Asian campus was successfully completed, Hawawini focused in making INSEAD "one School, with two campuses". In this regard, he restructured the governance body so that INSEAD had *one Faculty* and *one Administration* by appointing two Deputy Deans: one in charge of Faculty and Research (Landis Gabel) and the other, in charge of Administration and Operations (Arnould de Meyer).

Finally, towards the end of his first term as Dean, he decided to deepen the vision, for INSEAD to become "one School in multiple campuses". Thus, considering the US market as dominant in management education, Hawawini raised the issue with the intention of making it happen during his possible second term as Dean. Moreover he made Faculty and Board support for that project a condition of his candidature for another period. According to his view, INSEAD "should go to US and should establish a campus in the US, should give priority to the US market"[253], Hawawini intended to legitimate the idea of opening a third campus in the US (strategic agenda-building and -executing). He thought he could count on Board and Faculty support for this new project.

However, a new Chairman of the Board was appointed who did not share the idea: "I don't believe in the third campus," said the new Chairman. On the other hand, the Faculty felt the need to prioritise an improvement of "communication" and work conditions, in terms of sharing the benefits of INSEAD's expansion and promoting integration (Fair workload and compensation systems), given the increase in complexity in INSEAD's functioning with the opening of a second campus in Singapore.

5. 4. 1. Critical elements in understanding both the success of the start-up of the Singapore campus and the failure in going forward with the initiative for a third campus in the US

Gabriel Hawawini's power depended on his ability to manage conflicts and challenges, delivering results successfully – the management of challenge; make it happen'. Once again, he showed his capacity to convoke and lead task forces to tackle difficult situations.

In this regard, it was the *consequentiality* in launching the Singapore campus *(issue salience)* that legitimated Hawawini's thrust. He recalls, "I

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[253] Gabriel Hawawini, INSEAD's Dean

inherited a mess … it is a pattern. […] In all the situations I was involved, I always came as the saviour. I never had to deal with the Board. The Board was saying, 'Please, Gabriel, fix it.' […] And the Faculty saying, 'Look at the poor guy. He comes in to fix this problem and he didn't create the problem. Good guy.' So you know, the context was very good. If you have some enthusiasm, skill to rally some of the key people, and you have the benefit of the doubt because you are not the man who created the mess, you're the man that was brought in to fix the mess. So people look favourably upon you."

As for the US campus project, circumstances were different. He proposed a new challenge, leaving behind his role as *saviour* and transforming it into a *change agent* that would *set and lead* a new conquest. However, the *pattern* of undertaking the role of the person who *fixes problems* changed; it did not favour him. Rather, he should have spent time selling the idea and getting both Faculty and Board support by building a coalition that would support the US campus endeavour.

From the Faculty perspective, the Singapore campus setting, *the one School, two campuses project* still had some challenges in terms of management and organisation. Thus, there was a group of people that thought they were not ready to face such challenge once again; it was too early. Others thought INSEAD could not be a leading School in the US and thus, that this would damage the School's brand. Also, there were some people who believed that Hawawini had not spent enough time in selling the issue individually to each Faculty member, underestimating them. Finally, others felt that the School had grown too much and that they could not yet see the benefit of such additional growth.

Moreover, in considering the resistance that the US campus project raised within the Faculty and the current Board (including the new Chairman), making the issue a precondition for him to run for a second term with over 70% of the votes did not seem an advisable tactic to legitimate his project. It would be interesting to consider what would have happened if he had presented the project after being re-elected for a second term, as was pretty well assured.

5. 4. 2. Legitimisation and power mobilisation

In observing the episode related to the purpose of making the Singapore campus work between 2000 and 2003, the study suggests it consisted of an *incremental initiative* since it implied the continuity of a strategy which had been previously set by former Dean Antonio Borges, in the School's strategic agenda.

On the other hand, the idea of launching INSEAD's third campus in US, the most competitive market in the world, in 2004, is considered by this study as a *breakthrough initiative* since it implied a turning point in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

Gabriel Hawawini strongly sponsored this incremental set of initiatives since he was appointed to undertake the specific task of making the Singapore campus work. He was known as a man who delivered results and had enough expertise be able to align people's interest and accomplish such an endeavour. Since he had been specifically appointed with the mandate of making the Singapore campus work, he had no need to undertake any *issue-selling*. Hawawini's interest was clearly aligned to those of the other key actors. Most of them wanted the Singapore campus to succeed and focused on achieving good results.

Although the initiative represented a superb effort for the School's Faculty and Staff, as well as for the economic resources committed and risks assumed, the Singapore campus was already part of INSEAD's strategic agenda. Thus, this study considers this project as *incremental*. However, from the perspective of its *execution,* opening the Singapore campus represented a major challenge and risk.

The fieldwork shows that the leadership style of Gabriel Hawawini is mostly *participative*. With regard to his skills and competences, the study underlined his capacity to *deliver results, take risks (entrepreneurship), and foster commitment* and *integration.* Hawawini based his power on his *expertise, reputation* in make things happen (execution); *resource generation and allocation.* In mobilising power to execute initiatives already decided, Hawawini was strong in, *coalition formation, rationality, assertiveness,* *consensus-building, decisiveness, execution, delegation, listening and scanning the environment*

On the other hand, the scheme to launch INSEAD's third campus in the US, considered the most competitive market in the world in 2004, is considered by this study as a *breakthrough initiative* since it implied a turning point in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

From an overall perspective, the study considered the set of initiatives included in this fourth episode as *blocked* because of the following outputs: Hawawini had made the Faculty's decision to launch INSEAD's third campus in the US a precondition of his reappointment; Claude Janssen was replaced by a new Chairman (Cees Van Lede) who was an alumnus and who disagreed with Hawawini's decision; the members of the Board were mostly alumni and were conservative regarding the INSEAD brand; given that launching the Singapore campus had been quite an endeavour, the Faculty was not ready to repeat a similar experience in the US.

Gabriel Hawawini sponsored the set of initiatives intended to launch INSEAD's third campus. However, this *sponsorship* was rather weak since it had no support from the other key actors. Moreover, the study did not find any evidence of effective *issue-selling* or *coalition-building* on behalf of Gabriel Hawawini. The initiative of a third campus was clearly misaligned with the *Main Generic Interest prioritisation* of other key actors: the new Chairman of the Board, an alumnus with a different profile from Claude Janssen's entrepreneurial style; and Faculty who were more concerned about INSEAD's second campus consolidation and integration than for a new scheme.

To some extent, Hawawini did not identify the issue array within the School's strategic agenda. Making the Singapore campus work had been such a major operation that INSEAD's strategic agenda was still 'overloaded' with that initiative, and had no further 'space' for any new one. However, in pursuing *Issue legitimisation* for the third campus initiative, Dean Hawawini could appeal to *features of the outer context* such as *corporate customers' demands, donors and benefactors, competition* and *economic environment.* Opposition to the new initiative came from key actors of the *inner context* (Faculty and Board).

In comparing the two initiatives to open a new campus abroad (Singapore and US) there are clear differences in the process by which each of the initiatives was raised to the agenda. Both can be considered as *breakthrough* initiatives,requiring effective *issue-selling* and a thoughtful consideration of possible supporters and opponents.

See INSEAD Appendix VI for further analysis.

Chapter VII: LBS

1. The study of the SLP at London Business School (LBS) over time (1990–2004) from a political perspective

London Business School was founded in 1964 as the London Institute of Business Management and as a graduate college of the University of London. Over time, it has functioned and been consolidated as an academic institution offering Master's and PhD programmes plus an extensive Executive Education portfolio. Its MBA programme has consistently ranked among the top ten programmes in the world, and 1st or 2nd outside the US, according to *Business Week* or *Financial Times* rankings.

Even though it is part of the UK higher education system, LBS has, as with all of the UK's higher education institutions, no direct relationship with HM Government's Department for Education and Skills. Funding and oversight of the universities is organised through a public agency, the Higher Education Funding Council for England (HEFCE).[254]

Since 1996, it has been a full college of the University of London, although its own Royal Charter, granted in 1986, confers on the School the right to issue its own degrees. However, as a full college of the University, it has undertaken not to exercise this right and continues to award University of London degrees.[255]

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[254] Barnes (1989); LBS 2003 EQUIS Report

[255] Barnes (1989); LBS 2003 EQUIS Report

Since its foundation and during much of its first decades, LBS focused on the education of British managers. However towards the end of the 1980s a broader and more international perspective was gradually developed. In this regard, the School's demography showed steady increases not only in the number of non-UK students but also in its Faculty. Following the trend towards business internationalisation, it was during Professor George Bain's Deanship (1989–1997) that a conscious reorientation of LBS towards a fully international outlook took place.[256]

Moreover, since 1990, LBS has gone through a process to internationalise the School, with a particular focus on the student and Faculty bodies, to raise the quality of its research to international standards, and to deliver programmes capable of attracting students from around the world. Its high academic research standards have enabled the School to be considered among the top global Business Schools.

In this regard, it seems relevant to highlight that LBS is a professional school (AIM/EBK, 2006) with high quality research standards and strong scholarly impact. This has been the result of a strategic initiative which encouraged the School to follow the US academic model to strengthen its research capabilities.

LBS's increasing variation in the percentages of both students and Faculty, bears witness to the extent to which this international orientation has transformed the School. As for the non-UK Faculty, it has greatly increased, from 18% in 1989 to 74% in 2004. Likewise, the proportion of non-UK students has increased from 51% to 77% during the same period.[257]

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[256] LBS 2003 EQUIS Report

[257] LBS 2003 EQUIS Report

Thus, over time, LBS has been seeking to be a world leader within the management education industry. Not only is the positioning of the full-time MBA highly distinctive; also, LBS has developed a strong, international Executive Education portfolio which is seen as central for the successful future development of the School, and a significant revenue-raiser. Finally, in seeking to achieve global reach and impact LBS has formed a series of strategic alliances in key parts of the world: the US, India and the Middle East.

The importance of internationalisation in the LBS's mindset is emphasised in both its current vision and mission statements. In this regard, "It is the vision of London Business School to be **the pre-eminent global Business School**, nurturing talent and advancing knowledge in a **multi-national, multi-cultural learning environment**."[258] As for LBS' mission, it is two-fold: "To provide students with the knowledge, skills, values and networks –**the global business capabilities** – required for leadership and success in the **global economy**; and to foster outstanding research that is rigorous, relevant and innovative on the dynamics of **global business** for students, business leaders, and government leaders **throughout the world**."[259]

To achieve its vision, LBS declares that it needs to build on its strengths, which include world-class Faculty and students; excellent, influential research; a broad portfolio of degree programmes; outstanding executive education; global learning opportunities; professional management, Staff and services; and a unique

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[258] LBS 2003 EQUIS Report, p.3

[259] LBS 2003 EQUIS Report, p.3

location – London, a hub of global business, finance, technology and culture, is a unique asset in the realisation of its mission and the achievement of its purpose.

Notwithstanding this internationalised orientation, since the School continues to operate within the UK higher education system, it has to meet the demands placed upon it. In this regard, LBS is subject to the HEFCE[260]'s Research Assessment Exercise and comes under the auspices of the UK's Quality Assurance Agency. Its top ranking in this assessment exercise enables LBS to obtain a block grant to fund academic purposes. However, only 5% of the School's total revenues (around £4 million per annum) are received as funding from Government.

Thus, LBS generates most of its income from other sources, mainly programme fees and research grants from alumni and corporate supporters. Moreover, as it does not have the benefit of an endowment fund, the economic model of the School is still under pressure to pursue its purpose of remaining and consolidating its position as one of the top Business Schools world-wide. Hence, the School operates as a commercial business and obtains most of its annual income from student fees.

In this regard, the end of the 1980s and beginning of the 1990s implied a turning point in the School's strategic direction. The different circumstances of the environmental scenario triggered a shift from being simply a top UK Business School to pursue the aim of becoming a top Business School worldwide. This substantial endeavour, which dramatically reshaped the School's character, required

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[260] Higher Education Funding Council for England

tough decisions that affected the LBS *status quo* with cultural, academic and economic consequences.

These features not only differentiate LBS from other top-tier Business Schools, but have also enabled the School to become a world-class institution. Thus, it seems particularly interesting to observe and understand *how* strategic leadership as a social influence process has shaped the strategic agenda building and executing, affecting the unfolding of events throughout LBS's growth, over time.

Next, the study addresses the LBS's history and the main events that enable one to visualise the strategic leadership process through the strategic agenda-building and -executing, over the period 1990-2004. In order to allow for a deeper methodological description of LBS's history, the study has divided it into three periods (*'social dramas'*[261]) according to turning points that propelled critical changes in the School's direction (see Appendix): 1) *Making LBS a top league international School* (1990–1997); 2) *Deepening the strategy of internationalisation, Faculty transformation, and enhancing LBS's visibility and revenues* (1998–2002); 3) *Enhancing LBS visibility and fundraising activities* (2002–2004). It is relevant to note that the 'social dramas' at LBS were the points of leadership succession as the School changed from Dean to Dean.

Thus, the study will visualise *how* the SLP operates along the chosen *strategic issue* that will act as a *vehicle* for its operationalisation – *becoming a top international Business School.* Accordingly, this *strategic issue* will be observed

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[261] Pettigrew (1979)

through the *set of initiatives* or *episodes* that triggered decisions and actions aimed at achieving it. For example, the first episode is related to a number of initiatives undertaken by Dean George Bain with the purpose of making LBS a top-league international School. The second episode describes those initiatives carried out by John Quelch, in order to deepen LBS's strategy of internationalisation, Faculty transformation, and enhancement of LBS's visibility and revenues. Finally, the third episode refers to those initiatives led by Laura Tyson with the purpose of enhancing LBS's visibility and fundraising activities.

Table 19: Strategic issue observed through three episodes according to each Deanship

Business School	**LBS**		
Strategic issue	**Becoming a top international Business School**		
Period	1990-1997	1998-2001	2002–2004
Set of decisions and actions to promote	Making LBS a top-league international School	Deepening the strategy of internationalisation, Faculty transformation, and enhancing LBS visibility and revenues	Enhancing LBS visibility and fundraising activities

2. Overview of the History of LBS

The origins of the London Business School were rooted in UK public policy concerns about industrial performance and the education of managers. It was founded in 1965 on the recommendation of the Franks Report of 1963, regarding the establishment of two high-quality university Business Schools, one associated with the University of London, and the other, with the University of Manchester. The Franks report proposed that such Schools should provide both postgraduate and post-experience non-degree programmes, and that, while part of major universities, should nevertheless enjoy considerable autonomy as partnerships between university and business.[262]

Thus, in 1964, Lord Plowden was appointed First Chairman and William Barnes Secretary of the Government Body of what was at first called the London Institute of Business Management. The underlying thought about what it was expected to achieve was an improvement in Britain's economic performance, an increase in productivity. Much closer co-operation between industry and universities was emphasised. Through better management, manufacturing industry would be transformed and become more competitive and thus, Britain would once again become a net exporter of manufactured goods.[263]

From the beginning, LBS set out to become a high-quality standard-setter – a centre of excellence, in the pursuit of knowledge to provide a better understanding of the problems of management and their solution. Its high scholarly impact research was considered as the base for the programme of instruction, both in providing materials and in keeping both teachers and students alive to the dynamics of the business scene. Thus, Faculty members were encouraged not only to impart existing knowledge to others through good teaching but also to undertake their own research and to publish results.

The importance LBS always granted to research has been evident since the School's early days. In this regard, a Doctoral programme was created in 1969, with the intention to make a substantial contribution to the critical shortage of well-

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[262] LBS 2003 EQUIS Report

[263] Barnes (1989)

trained teachers that would be needed by 1980, according to the National Economic Development Office. Grants made by the Ford Foundation and the Foundation for Management Education made this programme possible.[264]

Thus, over its first quarter-century, despite its British roots and shape since its origin, LBS provided its students with a postgraduate education based on the best American model, with an admixture of post-experience programmes and a strong research element to inform its teaching. There was recognition that American industry was more powerful than British due to the intellectual training of business people in business subjects early in their careers. The School constantly adapted its programmes to meet changing circumstances. The demand for its programmes and activities has remained strong.

3. Period I. George Bain (1990–1997) LBS: From top UK Business School to top ten world-wide

3. 1. Background

Towards the mid 1980s, the world, and particularly continental Europe and Japan, showed signs of big economic, technological and geopolitical changes. Particularly within Europe, barriers fell and new markets emerged. These tumultuous changes were magnified by the fall of the Berlin Wall in 1989.

Within the UK, in particular, the Tory government under Margaret Thatcher took the lead in the deregulation and privatisation and the need to reduce state

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[264] Barnes (1989)

expenses. From this sprang the idea that Business Schools could stand on their own two feet and thus, funding for British students was gradually removed. "Most British students would get their fees paid by the government, and they would also get a grant for doing an MBA. And this was quite generous funding and the School would also have funding which came from the university funding council: The Universities Grants Commission. But the government stopped or almost threatened to stop aiding the Business Schools."[265]

At that point, before the funding was removed, LBS had to take a certain number of British students in order to receive the government grants. Thus, circumstance drove LBS to take overseas students, who were charged higher fees.

Concurrently, the internationalisation of business appeared as a robust trend world-wide. These were times of Peter Moore's (1984–1989) Deanship at LBS. The School was facing the withdrawal of the government, which would eventually leave it in pretty bad financial shape. People remember there was increasing discontent and anxiety.

On the other hand, in 1988, Fortune Magazine published an article about the top Business Schools in Europe, considering London Business School second only to INSEAD, the number one within Europe. This acted as a catalyst for the emergent crisis the School was facing. "The School had assumed from its inception that it was the best Business School in Europe and not short of arrogance in

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[265] Paul Marsh, former LBS Faculty Dean

academic institutions, of course. And they had worked on this assumption I think since they were founded."[266]

This came as a huge shock for the LBS community. George Bain asserts, "There has to be some kind of external shock [...]. It's certainly very helpful. The wise external shock was the whole self perception of LBS being the best washed out."

As a result, the Faculty rose up and rebelled against the renewal of the tenure of the current Dean. Thus, the Governing Body understood that there was a need to look for a new vision, fresh ideas. It decided to look for a new Dean from outside the School. The Governing Body looked for a distinguished and successful individual with an entrepreneurial outlook to manage and market the School, someone with a background either in business or management education, who combined academic qualifications with leadership and general management ability. His or her objective would be to ensure that the School was transformed in order to be recognised worldwide as one of the most respected centres of management education and research.[267]

In November 1988, George Bain, Dean of the Warwick Business School, was appointed Principal of the London Business School. He would take up his duties in August 1989.

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[266] George Bain, former LBS Dean

[267] Barnes (1989)

Bain was born in Canada in 1939. He was educated at the Winnipeg State School where, in 1961, he obtained the equivalent of a first-class honours degree in economics and political science. In 1964, he took an MA in Economics in the University of Manitoba. He also received a Doctorate in Industrial Relations at Nuffield College, Oxford, in 1969.

3. 2. Shaping and communicating the new strategy

Bain was appointed in November 1988, but he did not take over until August 1989. He declares that this "actually turned out to be a huge advantage" since he took that period "to start seeing a few people, [...] all of the Faculty." He also spent time visiting around a dozen American Business Schools and tried to become as well informed as he could about what was going on in the management education industry.

By the time he arrived at LBS and took over as the new Dean, Bain had "seen over 200 people." He recalls, "I've basically seen everybody: I've seen all the Faculty, I've seen all the key administrators, I've seen several people outside the School, I've seen representative students and I've seen key people on the Governing Body. But they were the least important. [...] Although Sainsbury[268] was my boss, my real boss was the Faculty. [...] I was sort of the 'first amongst the equals' so I wasn't too worried about the Governing Body."

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[268] David Sainsbury was the Chair of the LBS Governing Body during Bain's tenure

This enabled him to understand people's different perspectives on LBS's situation and their expectations related to the School's direction. "I'm a pretty good listener and I took on board everybody's points."[269] Thus, by the time he took over, Bain already knew what had to be done. He understood there was a need to put LBS in the international map, mostly because the School was already the top Business School in the UK. "We wanted to be a top 10 in the world. [...] So I didn't encourage them to compare themselves with Britain because it was too comfortable. How do you compare with Harvard? How do you compare with INSEAD? Those are the comparisons I thought were relevant."[270]

However, to be able to position LBS at a top international level, George Bain felt that he would have to tackle different issues. First of all there was an issue of "reputation"[271] for playing behind INSEAD in the international business education market according to rankings. Second, "Disciplinary imbalance [...] the strength of LBS on those days, were two areas: economics and finance. Strategy, marketing, operations, what I would call the central business disciplines were very weak. [...] The third thing was it was very British. Seventy-five per cent of the students were British and the Faculty were I think 90% British. And our major competitor was INSEAD who was training as being truly international" [272] in both Faculty and student body.

In this regard, David Sainsbury, a member of the Governing Body who became Chairman at that time, was one of the most important benefactors of the

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[269] George Bain, former LBS Dean
[270] George Bain, former LBS Dean
[271] George Bain, former LBS Dean
[272] George Bain, former LBS Dean

School. He definitely saw the need for change. "The Faculty, everybody (I say everybody), almost everybody saw the need for change."[273] As a general presumption, people knew the status quo was no longer viable.

The fourth issue referred to the economic and financial model which was threatened by the government decisions to reduce the funding of higher education. "It was not at all clear if the students would pay the fees that we needed to charge them to cover up costs."[274]

Finally, as Paul Marsh said, "When George came in, there was a financial issue on how to put the School on a sound footing. There was the issue of making a virtue of necessity and having a strategy [...] And there was also an issue with the Faculty that it was very hard to hire Faculty because we were still very constrained by the British University system: we could not pay salaries that were internationally competitive; the salaries were not merit based in any way, they were seniority based — you got a pay rise: you went one point up the scale for every year that you stayed. And so, it was a hopeless system. And the general level was far too low to attract an internationally renowned Faculty."

Thus, as soon as he took over, Bain presented his Agenda for Change organised in a document called *Bias towards a Strategy*, which compiled and articulated what LBS people alleged needed to be done, in a coherent, unified and focused way.

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[273] George Bain, former LBS Dean
[274] George Bain, former LBS Dean

In writing this kind of document, Bain intended to provide the basis for a strategy – a set of guiding principles – that could be used to develop a series of operational objectives. Accordingly, there were four issues that Bain insisted should be tackled: firstly, the School had to achieve a disciplinary balance; secondly, it had to become international in terms of students, Faculty, Governing Body and programme content; thirdly, it had to enlarge its scale; and finally, it had to become financially sustainable.

He concluded, “If the broad outline of what I have written above is acceptable to the School, then it must now go on to develop these objectives. In particular, it must devise a five-year academic plan, a five-year financial plan, and a generally agreed mission statement that links these plans together. Since the School exists in a highly turbulent environment, these documents need to be ready no later than April, 1990.”[275]

The Faculty reacted in a positive manner to Bain’s document. People agree they felt released. They had been drifting aimlessly over the previous years, but now they knew what the School’s direction would be. And even more, Bain was “being very clear about what we expected, and certainly, probably being very clear to meet those objectives.”[276] In this regard, Bain agrees: “I think the Faculty were very happy; even if they weren’t happy with the detail they were happy that now there was a Captain on the ship who was saying, ‘This is where we should go.’ If they didn’t like it at least they could argue. But they knew where they were going.”

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[275] Bain (1989: 73)

[276] Lynn Hoffman, LBS Associate Dean of Executive MBA and Global Executive MBA

As for the Governing Body, Bain affirms: “It was never a problem in my time. […] As long as the Faculty weren’t revolting and the School was in a financially healthy state, they were happy.”

3. 3. Getting people on Board to make change happen

Bain recognised that “Coming up with visions and strategies is pretty easy actually. The tough thing is implementing. That’s our work. I said, ‘It’s all in place. All we have to do now is make it work and that’s going to take several years.’” Accordingly, even though he could count on the School’s Governing Body, he would need the Faculty’s support. “The Governing Body would always say, ‘George, you are the Chief Executive. Just like the Chief Executive of a company.’ And I’d say, ‘No, no, no, I’m not.’ I’d said, ‘At best think of me as the managing partner of a law firm or a consultancy.’ Those who I supposedly am the boss of, actually, have the vote, the power to fire me, not legally but you know, if they preferred not to have me, you’re finished.”[277]

In this regard, Bain knew he would not be able to implement changes on his own. “You had the Management Board which was the big driver in the School, and you had Faculty Board which was more or less the Parliament that it probably could stop something. But if all the Faculty rose up and said, ‘No’, you’d be in big trouble.”[278]

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[277] George Bain, former LBS Dean
[278] George Bain, former LBS Dean

Thus, the time he had spent listening to people, before taking over as Dean, enabled him to identify those key Faculty members that supported him. In this regard, he built "a team around him. [The Management Board Steering Group (MBSG), usually called Management Committee.] We did not have a management committee before George Bain."[279]

The creation of the Management Committee, which in formal terms reported to the Management Board, enabled Bain to identify key Faculty members and build sufficient consensus. In this regard, Rob Goffee asserts "George, I think, is a very strong and dominant kind of character with lots of very good qualities as an academic leader. I think he was quite skilful at ensuring that team around him and help him."[280]

People agree that this group of four or five people was the group that really ran the School on a day-to-day basis. Among these, Paul Marsh was the Dean of Faculty, Gerry Quincey, with whom he had worked at Warwick Business School, Secretary and Treasurer and Paul Geroski, Dean of the MBA. "Paul Marsh was the key person. Paul is Professor of Finance; he was my right hand. He's been an ally all, all this way. Very smart guy, not just intellectually but also politically."[281]

'Paul Geroski, Professor of Economics, fantastic, a wonderful scholar, tremendous teacher. He took over the MBA and went from two streams to three streams. He grew the programme. [...] Gerry was very, very important in terms of

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[279] Rob Goffee, former Dean of Executive Education during John Quelch's tenure
[280] Rob Goffee, former Dean of Executive Education
[281] George Bain, former LBS Dean

advice, guidance, you know, very, very tight to the School finances."[282] Bain recognises: "I delegated several things. For example, I'm not strong in finance but I'm smart enough to make sure that I would have somebody present who is Gerry Quincey."

In this regard, Bain did not have good financial sense. "He was more concerned with a kind of bigger picture, where the School is going. [...] He was much more interested in management, and what kind of programmes, what kind of plans, where we were going, was the Faculty becoming involved."[283]

Paul Marsh agrees Gerry Quincey was a key person during Bain's tenure, "Gerry was a strategist, he was a strong support for George and he sort of balanced George when he felt George needed moderating. And Gerry was also someone that people went to and comparatively, say he was a very important information channel. [...] He could listen to grand plans which he had to translate into financial plans."

3. 4. Leading change in LBS

a) Transforming the Faculty profile

For LBS to become a top-tier Business School within the international market competing with top Business Schools, several issues emerged as big challenges: internationalisation not only in terms of Faculty, but also of students

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[282] Michael Hay, LBS Deputy Dean and Secretary
[283] Michael Hay, LBS Deputy Dean and Secretary

and content of programmes and research. This entailed an increase in the size of LBS facilities. But every initiative demanded a sound economic and financial situation.

The most critical tasks were related to the transformation of the academic model in terms of developing a world-class Faculty with US research standards and teaching disciplinary balance in order to enhance executive education. Thus, systems and policies were shaped.

Moreover, Paul Marsh carried out a complete revision of the Faculty Human Resources Policy. Michael Hay, LBS Deputy Dean and Secretary during Tyson's tenure recalls: "It was the first time in which someone would lay out that explicitly. Paul Marsh was the Faculty Dean and basically wrote a lot of what is now called the HR, which is the Human Resources Policy. And we have a new comprehensive document called a HRP and that was presented back in the early '90s."

Thus, Faculty compensations became a priority. In this regard, Faculty salaries were separated from the UK university salary scale, so that the School moved towards paying salaries that were competitive with US salaries. This would facilitate Faculty recruitment. "It was very well received by the Faculty. It was a very long journey. The journey on paying market rates at a salary level."[284]

However, transforming systems generated substantial opposition since they were oriented towards performance-related pay. Thus, "some people would be

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[284] Michael Hay, LBS Deputy Dean and Secretary during Tyson's tenure

making three times their salary."[285] This was "part of the process of increasing salaries expecting more from Faculty. There was a significant debate focused around that." [286] The opposition came from people "who feared that performance would be judged too narrowly in some way."[287]

There was also resistance to the new policies being introduced since they contrasted with old ones and set constraints on consulting. "What George did was to clarify that but not more than that. And there was some opposition to that."[288]

In this regard, Bain recalls, "We were going to introduce a system where people might get zero or 20% or whatever. And a lot of people, particularly the weaker members of the Faculty, people who thought they wouldn't be able to get the 20%, it might be closer to zero, they weren't happy, they weren't happy. And there was no question that was a big, a big struggle. I mean, everybody thought 'oh, boy, it would be great to get higher salaries.' That was a bigger carrot than you might have thought, because a lot of these people make a lot of money by consulting."

In Bain's perspective, there's a "honeymoon period. You've got six months, eight months, a year at most, to bring the big changes in." Another critical consideration was that probably the most significant challenge he faced in this transformative process was changing the Faculty.

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[285] George Bain, former LBS Dean
[286] George Bain, former LBS Dean
[287] Paul Marsh, former LBS Faculty Dean
[288] Paul Marsh, former LBS Faculty Dean

In talking about the major challenge he had to face during his tenure at LBS, Bain points to transforming the LBS Faculty from British to international. He explains how this implied altering the School's culture and behaviours, turning them global. In getting involved with the EFMD and the 'Big Three'[289], he realised how complex the cultural issue was, since it implied transforming into global players not only the students but also the "Staff, governing bodies, the curriculum, you know, it really was quite complex." He affirms "If you changed culture at the end or at the beginning, you had to change behaviours. I think probably the biggest challenge was to change the Faculty. [...] I knew the culture would change eventually if we changed the Faculty."

Moreover, Bain believes the function of leadership iIs to produce more leaders, not more followers." [290] Moreover, he adds, "It was that I created the environment in which Gerry could become a leader, Paul Marsh could become a leader, Paul Geroski could become a leader. And they coped with the challenges and they became leaders. I mean, I think for an organisation to be successful, there has to be leadership at several different levels. It is no such great hero at the top of the organisation. It's got to be at several different levels."

In fact, Bain "very much worked on a kind of one to one basis. Let's say, I would again see him on a fairly regular basis and talked to him about what was happening, what we were doing, where we were going. Much delegation. [...] He didn't micromanage but he did take a keen interest in every detail. Not 'hands-on',

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[289] Meeting among Deans of LBS, IMD and INSEAD

[290] George Bain, former LBS Dean

just keeping track. He saw his job was putting the right people in place to do the job. And when they were there, he gave them freedom to get on with it."[291]

But Bain did not carry out these changes on his own. "Not alone. He is an organisational behaviour man, [...] very good at process [...] he devoted a lot of time to the operational leadership dimension."[292] In this regard, Saul Estrin asserts that in his view, the Dean had four leadership roles: "One is the external visibility role; the second is the 'fundraising' role; [...] The third role is 'intellectual leadership' [...] and the fourth is the 'operational leadership'."[293]

As for Bain's operational role, his approach was based on a very clear view of where the School had to get to. He used to set up "serious steps on tasks, that he used to call 'key tasks', every year: his thought of what the next key task were for the next twelve months. Then George said, 'Key task 27, how is it getting on? Key task 5?' If we were going to achieve all the key tasks, if we were going to achieve the big goals."[294]

In leading this critical change process, Bain asserts: "My role if anything was more one of mentoring. I had frequent meetings every week or two, would depend on, you know, with Paul mainly, what's happening, where do you need help, more political help, etc. I think the role of the Dean and assuming that Geroski was doing his job correctly to take him as an example, was not to tell how to do it, you know he would keep me apart. It was more to run interference for him (I use an

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[291] Michael Hay, Deputy Dean and Secretary during Tyson's tenure
[292] Saul Estrin, former LBS Faculty Dean
[293] Saul Estrin, former LBS Faculty Dean
[294] Ian Hardie, LBS Associate Dean for Executive Education

American football analogy – it was to support him politically to make sure that he had felt that he had the backing)."[295]

Thus, Bain just provided his people with political help. For example, he declares he would not have been able to carry out any reforms if he had not counted on Marsh. "He wrote the Faculty Guidelines which were critical. We brought in reforms about the pay, reforms that were instrumental. I can't give him enough credit for the role he played. Paul together with Gerry Quincey. [...] I could not have done without them. [...] And if you say to me, 'What did you achieve?' The answer is, 'Nothing,' in the sense that well, it was Paul Geroski who saved the MBA, it was Gerry who turned around all the finances, it was Paul Marsh who set up the Faculty. You know, almost everything you've achieved has been through somebody else. And it's by creating an environment in which Gerry can work, Paul Marsh can work, Paul Geroski can work and they know that they are going to get your political support. That's your contribution. It's not that you're doing these things."[296]

Moreover, in describing the way in which he overcame resistance to achieve the goals pursued, Bain declares he was proactive in putting "together the coalitions that would be necessary to get this through."[297] Bain adds: "Leadership is the ability to get someone else to do what you want done because they want to do it. And it breaks down into three: the ability to get someone else – delegation – to do what you want done – motivation – because they want to do it, you know, no, sorry, making someone else do what you want done – delegation – what you want done –

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[295] George Bain, former LBS Dean
[296] George Bain, former LBS Dean
[297] George Bain, former LBS Dean

that means direction – what you want done – direction – because they want to do it – motivation."

b) Expanding LBS portfolio programmes

Rob Goffee, former Dean of Executive Education during Quelch's tenure, recalls, "I think a significant part of George's strategy, of the School strategy, was to grow the volume of our programs and increase profits and that period I think was of more radical growth and radical increasing processes. The major way in which the School was able to be lifted so far and begin to pay North American salaries was through the organic growth of programmes within the School."

Recruiting a world-class Faculty would allow LBS to attract overseas students. However, this would not be enough. LBS was an MBA School with scarce executive education. In this regard, Bain asserts the School had "a dreadful image" with potential students and a bad reputation amongst employers "because employers don't care too much about the MBA. They care mainly about Executive Education and LBS was not taking Executive Education seriously."

Given that "having international salaries and performance were the bases" [298] Bain called attention to the need for a more vocational institution with a balanced excellence so that executive education would be developed. He argued, "If you were teaching executives you couldn't teach science. Maybe with finance directors you could but not with general managers. And of course, in general, they

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[298] George Bain, former LBS Dean

didn't want finance anyway. They wanted marketing and strategy, operations, things that we were weak in."

But some Faculty members disagreed, since they believed executive education should be kept in its proper place as a minority activity, not as a central activity. "Opposition would come again from those Faculty who either couldn't do it because again if you don't teach too well, some people are very good at teaching young MBAs or undergraduates who have no credibility in front of Senior Managers, no credibility at all."[299] Gerry Quincey remembers addressing the opposition, "We have Faculty salaries going up in a rapid way and in order to pay for this we need this much. If we don't expand executive education will somebody tell me where the money is coming from?"

Within the opposition there was the Finance group. "They have always been very powerful and still are. But they fell out with Bain because his priorities were different. Bain's priorities were to strengthen groups out of the finance. [...] Finance did fall out as a group; it fell out with Bain."[300] Again, Bain explains he dealt with opposition, firstly, "by building coalitions and making sure that what was coming up would be, would have fairly broadly based support." Secondly, since he truly believes in managing by walking around, he used to walk the halls of the School "Trying to see people face to face. Don't send the memos for sure, don't even make telephone calls if you can avoid it, I love just to walk and open the people's offices."

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[299] George Bain, former LBS Dean
[300] Saul Estrin, LBS Dean of Faculty

Finally, Bain asserts he also focused on building sources of power such as success, setting direction, setting guidelines and communicating them, expertise and listening to people. These permitted him to obtain enough support to deal with the opposition. "I am a great believer that you've got to get some quick wins. [...] You've probably got I don't know, six months or something where people have got to give you the benefit of the doubt. Then you start needing to deliver things, be very successful in fundraising or people can begin to see initially the place changing and so on. [...] But I think the main power came because we started off, we set some objectives, and we began to deliver. [...] If people knew where they stood, they knew where the School was going, it gave them some confidence. [...] Expertise, you know, this guy knows how to handle people. Or another thing, when you're talking, let the others do the questions, you learn a lot more when you listen."[301]

c) Fundraising

However, in developing Faculty, students and programmes, LBS would also have to tackle the issue of space. "Are you a more research School, are you a big MBA School, are you an executive education School, they have completely different implications for the infrastructure. An LBS basic problem which has been true really since Bain's days, we have both, we neither have endowment nor space."[302]

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[301] George Bain, former LBS Dean

[302] Saul Estrin, former LBS Dean of Faculty

Thus, he also concentrated in developing fundraising in a systematic way. In this regard, he set up a development office and hired a Development Director. "We went around most of the world, once a year. We had a big team. We didn't do it all in one trip. [...] I met the Alumni, which had hardly ever been involved in the School before. I spent a lot of time getting them on Board. [...] I had very good Faculty Deans who did a lot of the detail but I had to be around. [...] And by the time I left, the department had 13 or 14 people – professional fundraisers, as a force. And this sounds all very self-serving but during my time we raised more money I think than it had ever been raised previously, which I might add was not saying a lot. But we raised about 2.5 million pounds to build the new library."[303]

In characterising Bain's ability to develop the School's fundraising, Saul Estrin, former LBS Faculty Dean during Quelch's tenure, asserts, "He would personally have built close relationship with people like David Sainsbury, and they would give him money. [...] He combined slightly unusually, a charisma – we never had a Dean as charismatic as Bain. A visionary guy. Very charismatic."

In sum, Bain turned LBS into an international player with international ambitions. "He made it a global player by exploiting important contacts, by cultivating the academic, and by having a vision."[304] He managed to restore the School's economic situation, although its business model was not transformed. "We don't have an endowment. As simple as that. We pay our way. [...] Nice little School, little niche player, high quality research, not terribly many students, etc. The problem is we have no endowment. So what happens is that we build the big

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[303] George Bain, former LBS Dean
[304] Saul Estrin, former LBS Faculty Dean

executive education thing and really a lot of programmes, but the Faculty don't identify with this and this is a leadership problem and you know, so we have a huge executive education, I think the fourth in the world, but almost no Faculty teach in it."[305]

However, Bain declares "If I deserve any credit, it was to have probably, the intuition, (oh! I've made some mistakes, of course), to pick some very good people to be champions of products, of policies…"[306]

Towards the end of Bain's tenure, there were three internal candidates for the Deanship (these were Bain's three deputies: David Currie, Tom Robertson and Michael Earl, who was the current LBS Faculty Dean and was Acting Dean, since Bain left before his successor took over) and an external one, who was in due course elected: John Quelch, a Professor of Marketing at Harvard Business School (HBS).

John Quelch was born in London, England. He was educated at Exeter College, Oxford University (BA and MA), the Wharton School of the University of Pennsylvania (MBA), the Harvard School of Public Health (MS) and Harvard Business School (DBA).

At the time he was appointed Dean of London Business School, he was the Sebastian S. Kresge Professor of Marketing and Co-Chair of the Marketing Area at HBS.

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[305] Saul Estrin, former LBS Faculty Dean

[306] George Bain, former LBS Dean

3. 5. Analytical tracing of critical 'issues' during the period 1990–1997

Thus far, this "episode" refers to the main events that took place in LBS between 1990 and 1997. It has focused on the initiatives put into the strategic agenda and implemented by Dean George Bain with the purpose of making LBS a top-league international Business School.

Among the set of decisions and actions included in the School's agenda over this period, the study underlined the following: firstly, setting and communicating a new and clear strategy for LBS to position itself and compete in the international market of management education, in terms of Faculty and student body, research; programme content and portfolio and critical size and scale. Secondly, shaping the School's academic profile towards a 'balance excellence' in terms of disciplinary balance (between academic disciplines). Finally, enhancing the School's financial and economic situation.

In terms of *Main Generic Interests,* prioritisation by each of the key actors – Dean, Faculty and Board (see Tables that show reliability coding in the Appendix) – the Dean prioritised *strategic agenda-building and -executing,* by setting a clear strategic direction for the School through the document *Bias towards strategy*. As for the School's *performance*, a number of measures were put in place to enhance its financial and economic shape given the need to replace government funding and compete in the international market in recruiting new Faculty at higher salaries.

In setting the School's agenda, the Dean involved the Faculty and most constituencies *(Faculty and Board support)*. Thus, an inclusive agenda that represented all key actors' *Main Generic Interests* was developed. It included the Board's interest related to the School's *governance* as well as Faculty's, and referred to *collegial participation in the School's strategic decisions.*

3. 5. 1. Critical elements for George Bain to succeed in setting the agenda.

The transformation of LBS, which started towards the end of the 1980s, was triggered by some external circumstances that produced the sense of frustration needed to recognise the School's isolation from business internationalisation. Signals from the outside world included the following: the increasing trend towards internationalisation in the business world; an article in *Fortune* Magazine putting INSEAD in top position, above LBS; growing concern within Faculty about LBS's reputation, positioning and future capacity to compete in a more internationalised business world and management education industry. Moreover, the decision from the Government to reduce funding for management education triggered uncertainty regarding the future economic sustainability of the School.

These circumstances facilitated George Bain's task of setting a *breakthrough* agenda for change that constituted a "turning point" in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

3. 5. 2. Legitimisation and Power mobilisation

Before taking charge, Bain devoted several months to meeting people who would provide him with a broader perspective of what LBS needed. He wrote down his conclusions in a document which he handed to most of the LBS community – *Bias Towards Strategy*. This document referred to the strategic direction he would give to LBS, and to the way in which he would lead the School, transforming it into a top-league institution.

A number of reasons contributed to legitimate Bain's initiative: a) involving key people through the Dean's skilful and effective effort to allow them to express their views and worries about the future of LBS; b) effective analysis, synthesis and articulation to express people's views and concerns; c) clear and wide-ranging communication of priorities and guidelines, in setting the strategic direction of the School through the *Bias Towards Strategy* document; d) political ability to share with key Faculty (Paul Marsh, Paul Geroski) and Board members (David Sainsbury) the critical tasks and directions in moving forward; e) the Dean's untiriing effort and initiative to move forward in each of the critical initiatives: removing obstacles, giving the political support his collaborators needed, building coalitions to overcome resistance avoiding unnecessary battles, listening to people; f) Delivering early results.

Thus, Bain encouraged every member of the LBS community to carefully read the document and 'get on board'. Even though the Faculty and Board backgrounds were mostly British and conservative, he knew how to make them combine their goals with his own interests. Bain's leadership style, characterised as *visionary* and *directive*, contributed to motivate others and build commitment jointly with his active role in problem-solving and decision-making. Finally his *political* and *entrepreneurial skills* combined with his *consistent behaviour,* enabled him to *integrate* key actors' interests and goals and thus, *achieve effective results.*

For further analysis refer to LBS Appendix V.

4. Period II. John Quelch (1998–2001) LBS: a resource to the world

4. 1. Strengthening LBS as a top Business School world-wide

John Quelch's vision was to create the most important and respected international Business School; his mission, 'transforming the futures'. This entailed ensuring that all 1,300 students, 450 Staff and 15,000 alumni were professionally and personally transformed by touching the LBS brand, the learning experience. In this regard, the principal objective that guided the School's operations was to fund growth while improving quality; its core values were those captured in the LBS SPIRIT: scholarship, professionalism, innovation, relevance, internationalism and transformation.[307]

In talking about his arrival at LBS, Quelch asserts that the most important accomplishment was first of all to get the Faculty, the alumni and the students to believe that the London Business School was as good as it was. "So job number 1 was really just to raise the confidence level of the institution. And if you have

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[307] Quelch, 2001: 1

someone who comes from a full professorship at Harvard, you wouldn't do that if you didn't think there was something good about London Business School." [308] Quelch wanted everybody to believe that they were part of something special, important, that had a lot of potential. And "Number 2 was to build scale. [...] "You can't be a global School if we didn't have more scale, more revenues to hire more Faculty because we just didn't have enough Faculty to be a global School."[309]

a) Quelch's own style: 'Just do it!'

From the Quelch perspective, he did not adopt any kind of conventional leadership style. Especially with regard to academia, he affirms: "I would listen to the Faculty but I wasn't really interested in listening that much because I knew what I wanted. If I asked too many questions and I had too much discussion—that there would be as is always the case in academia a 100 reasons not to do something. So my attitude was: just do it."

Quelch adds: "From a political management point of view, you launch your first initiative and there are some people who are against it. But before they can organise, you launch another initiative that splits that group because some people who opposed your first initiative are going to be in favour of the second. And so you basically keep splitting through initiative after initiative. You fragment the opposition. [...] But you can't survive for ten years as a leader operating like this. So I, I knew what I was doing. I knew it was going to be a short deanship, I wasn't

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[308] John Quelch, former LBS Dean
[309] John Quelch, former LBS Dean

sure it would be five years or three years but I was not interested in staying more than five years."

He was concerned about getting everybody to think that they were a team with the same set of objectives. To achieve this, he intended to create "real milestones and real progress, and real movement and new projects and new Faculty hires and every week that there's something new and more news and after you thought you had it all, even more news and just a pilot on."[310]

Thus, Quelch focused on deepening the international visibility and profile of LBS. Firstly, he did this by strengthening the economic model, developing the Faculty size by transforming LBS systems and policies according to the US model; secondly, he expanded executive education dramatically and made it profitable; and he intended to develop fundraising. Thirdly, he undertook a serious of actions to position the LBS brand: regional advisory Boards, alumni clubs. "He did a lot to raise the profile of the School. He worked very hard for the School. He would attend every social function he was invited to and sometimes he would attend two or three in one evening."[311]

To carry out these actions he delegated to three people: Saul Estrin, Dean of Faculty; Rob Goffee, Dean of Executive Education; and Jeffrey Deffries, Secretary and Treasurer. It was Estrin who modified the recruiting system that would facilitate hiring world-class Faculty. Quelch asserts, "I basically delegated you know 80% to him." In this regard, Estrin states, "My period as Faculty Dean is

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[310] John Quelch, former LBS Dean
[311] Paul Marsh, former LBS Faculty Dean

important. Quelch let me and Rob [Goffee, Dean of Executive Education] take the School in certain strategic directions. [...] My role was essentially to create a seamless platform between LBS and US systems."

In order to become a top-tier Business School, Quelch pursued a policy to expand the size of the Faculty. However, this was not an easy task. "We couldn't hire, the salaries were too low, processes were too arcane, the titles were wrong."[312] Thus, LBS shaped its hiring processes towards individualised salary negotiation. Saul Estrin asserts "Basically I introduced a complete US system. We are the only UK University with a US system. We have tenure, we have US salaries, we have market-based salaries. If you get an offer from London Business School, you would not know if you were not getting an offer from Columbia except from the letter."

As a result, the School hired 60 people over five years (1997-2002). Even though changing salaries was important, introducing tenure and titles had greater impact on Faculty recruitment. Estrin recalls, "Under Bain, finance just never hired. They couldn't cover their teaching because they just didn't have enough Faculty. They made offers and no one accepted. What happened in Quelch's period? They started to make offers and people accepted. There really was a change." Moreover, most of the people hired during Bain's Deanship (no tenure system) gradually disappeared.

Thus, the size of LBS Faculty increased by 60% during Quelch's period. "Within two and a half years I had the majority of the Faculty who had basically

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[312] Saul Estrin, former Faculty Dean

come in under me. In those three years we hired something like 40 new Faculty; they came in, in three years. [...] We were able to increase the compensation and become even more competitive in terms of recruiting high quality talent."[313]

b) Increasing LBS visibility

Quelch believed there was still much to be done with regard to "how to market the place."[314] In this regard, LBS had to take advantage of its London location worldwide. "Because London is a highly competitive city like New York and you have to be out there everyday doing something, holding an event, getting in the face of someone, having publicity in the media. You have to be there everyday in order to get people to believe that you're actually doing something. And top of mind, awareness, very important."[315]

Thus, Quelch committed himself to raising LBS's visibility. In doing so, people agree he "would have lots of ideas and some of those ideas would be really quite creative. A marketing man [...] he worked very hard for the School. He would attend every social function he was invited to and sometimes he would attend two or three in one evening."[316]

The first results of the School's new initiative of expanding its brand were shown in the Financial Times rankings, where LBS came out at number 8. Quelch recalls, "In late 1998, you know, that was the first six months I was there. We did quite a bit to cultivate the Financial Times and help them on a number of issues.

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[313] John Quelch, former LBS Dean
[314] Quelch, former LBS Dean
[315] John Quelch, former LBS Dean
[316] Paul Marsh, former LBS Faculty Dean

And the bottom line was I remember that before the January '99 rankings, everybody was speculating on where London Business School is going to be. And for me it was a great result because the consensus around the whole ways was that you know it was around 20. And then, we come in number 8." This position was sustained over three years. In this regard, Quelch recognised this position had been achieved as a result of George Bain's tenure since he had done an outstanding job in terms of LBS's inside management.

In talking about the transformation that LBS went through during Quelch's tenure, Gay Haskings recalls, "Things changed a lot under John. [...] It was a very big change. I think what John did is he really pushed this into technology. He was very keen on internationalisation. What George did, I think, was push the rule to internationalise the student body and the Faculty. With John, he wanted you to do a lot of things outside the School and he got us established with all that it had to do with conferences, link up in Turkey, and link up here and there. He was quite into linkages. And he was very involved with your School in that way so he was very, very keen on linkages, probably more than the School itself was. The fact that the email address is London.edu is John, because he changed it from LBS.EC.UK to London.edu, which is very strong."

Moreover, Quelch set up Regional Advisory Boards, which also enhanced the School's visibility throughout the world. In this regard, Haskings adds, "So John set up the Regional Advisory Board around the world and, in my view, even though the School doesn't have a camp, having these people around the world that you can show to them public that you've got link, is quite a good strategy."[317]

As a result of Quelch's strategy regarding LBS's marketing and brand building, there was "so much energy around London Business School that you know, people who would never, PhDs who wouldn't have thought of asking for an interview at London Business School started asking for interviews." [318] In this regard, Quelch suggests: "Everybody wants to be part of something that they feel, it's energy, it's on the move, it's successful and my job was really to create the energy, the atmosphere and so on. Again, it's something that had to be done as a short-term catalyst to, you know, it's like a battery to jump start the car engine, ok? You know, you couldn't keep that up with the same person for ten years." [319]

c) Expanding LBS programmes with special focus on Executive Education

Quelch took advantage of the prosperous market situation and not only pushed price increases but also undertook scale increases for its current programmes. Accordingly, a second stream was added to the Masters in Finance, and a third stream to the Executive MBA. Moreover, LBS also launched a Global Executive MBA. This was the result of a strategic alliance with Columbia Business School not only regarding this degree programme, but also to bid jointly for large-scale executive education contracts.

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[317] Gay Haskings
[318] John Quelch, former LBS Dean
[319] John Quelch, former LBS Dean

In addition, the School also developed an MBA-level distance learning courses with Quisic of California, to expand its global reach. As for Executive Education, "Quelch was more actually an executive education person than he was a degree program person. And probably, the real rise in executive education, I don't know if it will show in the numbers but there's a sense in which there was a huge change in the School."[320]

Accordingly, he appointed Rob Goffee Dean of Executive Education. Goffee "created a massive formal executive education which we brought into the School. Even in the days of Bain, revenues from executive education would have been 10%. In Quelch's, 60%. [Executive Education] was integrated into the School. So the management committee certainly had a Dean of Executive Education."[321]

As a result, LBS degree programme revenues increased over 54% to £18 million, while executive education revenues expanded 75% to over £19 million. Half of LBS revenues came from overseas earnings broken down as follows: Western Europe, 32%; North America, 30%; Asia—Pacific, 12%; Eastern Europe, 6%; and Latin America, 4%.

These initiatives impacted on the capacity of the School's site which was stretched, to add significantly to the School's cash flow, reduce programme office costs and increase the number of alumni graduating each year although close attention was given to improving quality as well.

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[320] Saul Estrin, former LBS Faculty Dean
[321] Saul Estrin, former LBS Faculty Dean

"The year I arrived in 1998, let's say 520 people graduated. In 2003, which would be the first year of graduation after all of these initiatives went in by 2001, 820 graduated. So in five years, the number of degree students increased 60% which is an enormous increase."[322]

However, in increasing the number of streams per degrees Quelch was particularly cautious in preventing this initiative from diluting the perceived value of the School's brand.

In addition, expanding the number of streams also impacted the number of the School's alumni, whom Quelch invited to join Alumni Clubs and Regional Advisory Boards to motivate international research and to facilitate the School's presence throughout the world.

"He had the idea that we should be represented within each region of the world, that there would be a Regional Advisory Board that would report the School and that would, you know, benefit from its attachment to the School, focusing in raising our profile around the world."[323]

In this regard, by 2001, LBS had 34 overseas alumni clubs in 29 countries and seven Regional Advisory Boards with 110 members from 38 countries, most of them chief executives. Each Board had a Chair who worked with a designated governor, a senior Faculty member and a student representative to help set the School's agenda for each region.

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[322] John Quelch, former LBS Dean

[323] Lynn Hoffman, LBS Associate Dean of Executive MBA and Global Executive MBA

d) LBS Research

For its size and resource base, LBS was transformed into an outstanding institution of scholarship. The *Financial Times* survey ranked LBS third in research. The School started to apply strong scholarly standards in recruiting and promoting practices, especially to the rank of full professor.

Accordingly, Quelch's main objective was to get the number of A-Journal articles published by LBS Faculty upgraded: the average number per professor, per year. He recalls, "So, we did that by removing bad people and hiring good people. That's number one. Secondly, by freeing up time for very good people to do more research and getting the economics of the institution lined up so you can do that. Thirdly, by celebrating more often, young people specially, who really do good work so I used to send bottles of wine and so on, around the School."

During Quelch's tenure, among many international research projects, LBS's Global Entrepreneurship Monitor research project evaluated the level and determinants of entrepreneurship in 30 countries. LBS became a leading innovator in entrepreneurship teaching, research and business creation. Twenty start-ups led by LBS alumni operate in LBS's new business incubator, supported by seed capital funds in which LBS enjoys a percentage of the carried interest.

Moreover, a DTI-funded joint venture with University College London, the Centre for Scientific Enterprise, enabled UCL scientific innovations to be commercialised using LBS know-how. Finally, a Silicon Valley Office was established and a unique entrepreneurship summer School was launched.

In talking about LBS's research initiatives during his tenure, Quelch explains, "In an under-financed institution, the Faculty are very entrepreneurial. You know, one of the tensions in a place like that is that the best Faculty are usually able to raise money for their own centres and then, they're doing fundraising mostly to fund their research independently of the centre. And if the centre starts to try and control this, you know, it's a problem because obviously they say, 'Well, you know, what have you done for me? You haven't helped me so why the hell should I not help myself?' So, my feeling was that we had to prove at the centre that we could do fundraising in a positive way and gain their respect and then they would be a little bit more collaborative. Not giving up their independence but being collaborative."

e) Fundraising

Quelch also focused on developing fundraising, although he was not able to launch the campaign he had planned before taking over as Dean. The Chairman of the Board with whom he had agreed as to his fundraising plans stepped down and was replaced by a Chairman who did not support the project.

In this regard, he recalls "I thought we could use to market ourselves in the fundraising process. And so I've got need number one, need number two, need number four, need number three. So I presented this document to the Board of Governors and this is where politically I misjudged because these guys then were split."[324] Even though some Board members supported Quelch's project, there were

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[324] John Quelch, former LBS Dean

some people who were not committed enough. "And the Chairman basically didn't agree with the fundraising project.[325]

As for corporate subscriptions, LBS expanded its fundraising from about £100,000 to £1,000,000. In this regard, Quelch acknowledges, "There were 20 corporate sponsors of the School at £5,000 a year when I arrived and when I left there were something like 65 at £15,000 a year. Forget about fellowships and so on but just the corporate subscriptions. [...] So the international positioning, the global positioning really kind of captured their imagination and interest so they started putting money in."

With regard to the individual side, each graduating class was encouraged to make a gift to the School. So the first year, the MBAs graduated and they gave the School £100,000. "Then it went up to about £300,000. Now, this is not all gift, this is pledges for the first four years up to their fifth year reunion."[326]

Moreover, Quelch also contacted the older alumni. "'Look, our own graduates are giving LBS £300,000. How come you can't give us £5,000 or £10,000?' So the idea was to shame them into giving."[327]

In sum, Quelch focused on very different issues to raise LBS's visibility and profile, extending its international reach, promoting the School more internationally, increasing the number of high-standard Faculty, establishing the Regional Advisory Boards and Alumni Clubs in different parts of the world. "His

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[325] John Quelch, former LBS Dean
[326] John Quelch, former LBS Dean
[327] John Quelch, former LBS Dean

approach was to do everything. He didn't have a strategy. He sorted out a hundred bullets and just wondered which ones would hit home."[328]

In John Quelch's perspective, "It was a big step up for London Business School to get Laura Tyson to be Dean. [...] after so much change, it needed someone to come and just calm everything down again; consolidate all of these programmes and initiatives and so forth. She's changed international to global and you know, done a few things like that but my, my impression is that she has not been a radical change agent but rather a good consolidator. And obviously, the rankings have improved since she's been there. And that's terrific!"

As Quelch left before he ended his period, Saul Estrin, Faculty Dean during Quelch's tenure, became Acting Dean until Laura Tyson, appointed Dean, took over in mid-2002.

4. 2. Analytical tracing of the 'critical issues' during the period 1998-2001

The departure of George Bain did not imply a change in LBS's strategic direction, already set in 1990. On the contrary, the process of searching for a new Dean was driven by the purpose of deepening the strategy to transform LBS into a top international Business School. Moreover, John Quelch's background, as Full Professor of HBS, with a strong understanding of international businesses, was a key issue for him to be appointed for the job.

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[328] Saul Estrin, former LBS Dean of Faculty

From this perspective, this study has considered most of the strategic initiatives raised and executed during this episode as incremental decisions since they gave continuity to the strategy previously set. Thus, from the very beginning of his Deanship, Quelch focused on enhancing LBS's international visibility; Faculty internationalisation; strengthening the financial and economic model of the School; and improving LBS's Programme portfolio, both to increase revenues and to build a closer relationship between LBS and the global corporate world.

4. 2. 1. Critical elements for John Quelch to succeed in deepening LBS's internationalisation

In terms of *key actors* (Dean, Faculty and Board), all of them agreed on the need to internationalise the School. However, there was still a long way to go, in order to get LBS's culture, organisation, academic and economic model, and positioning, to become international. In this regard, some elements were key to this process: Quelch's determination to identify and execute clear targets related to the priorities he set for the School; his commitment and strong marketing expertise; his British roots, US education and HBS background.

Moreover, John Quelch's initial reputation as an HBS full-time Professor with outstanding international expertise, was increased in terms of credibility since he managed to deliver early and positive results, in terms of positioning (rankings and media) and economic performance.

As for his leadership style, directive and assertive, combined with a simple and quick way of execution, and delegating Faculty affairs to the Dean of Faculty (Saul Estrin), this proved to be effective in making change happen.

4. 2. 2. Legitimisation and Power mobilisation

Legitimisation of Quelch's initiatives was not a critical task since it represented a clear continuation of the main strategic direction previously adopted, in order to internationalise LBS. However, introducing change in the status quo required him to adopt political tactics driven by "being quick to surprise, to fragment and split opposition".

In terms of *features* of outer context, a remarkable growth of the economy over his Deanship, with an outstanding performance and positioning of London, together with growing international markets and increasing competition for internationalisation within management education industry (alliances, opening of new campuses, etc.), contributed to legitimate Quelch's strategy for LBS to succeed.

On the other hand, a smart and effective marketing strategy to position LBS as a truly international top Business School, combined with a remarkable increase in revenues, was attractive to Faculty candidates. Moreover, it also enabled the implementation of an effective policy for Faculty hiring, promotion, tenure and compensation systems, with the purpose of adapting the academic model according to the US system.

In mobilising power to legitimate initiatives within the School, internal resistance was not strong or generalised, due to the external focus of initiatives. However, Quelch showed his *political skills* in *building coalitions* with Faculty members to whom he *delegated execution.*

For further analysis refer to LBS Appendix VI.

5. Period III. Laura Tyson (2002–2004) LBS: Consolidating change positioning as the "pre-eminent global Business School"

5. 1. Improving the economic model

Laura Tyson was born in the US. At the moment she was appointed, she was the Dean of Haas. She has also been a Faculty member and Director of Research at Berkeley. She was educated at Smith College (Economics; BA) and MIT (PhD in Economics).

Tyson is a member of several corporate, academic and editorial Boards. She served as an economic adviser during Bill Clinton's Presidency.

When she arrived at LBS, she had limited knowledge of the School. During Quelch's tenure, "I actually came here for a week, and met a number of people: John and David Currie, a number of his leadership teams. So I knew something about the School. […] I knew a few things that were really very important to the decision. Number 1 was that it was basically a US model programme; so the basic components of the programme were not that dissimilar to what would have been at

Haas. Two, that they were in mid-stream of building a very strong research Faculty and research culture. That was a decision that was already been made and John was implementing it with Saul Estrin."

Moreover, Tyson "knew that the Faculty creation of research climate, the kind of people they were looking for and promoting was also consistent with US." [329] Tyson had been interested in making programmes more international and in building Executive Education at Haas, "but not been able to. They weren't at all interested in executive education at Haas, but I knew this School did a lot. So I felt 'All right, so this is a serious executive education operation, a very global School meaning diversity of classrooms but outstanding quality.'"[330]

In describing Laura Tyson, Saul Estrin affirms she has "Fantastic visibility. The School gained a lot in terms of the brand, very, very good at the handling of the, you know, the relations with the governors, the relations with the students.[...] She's a non-executive, she's visibility, she's image. But she's not operational."

When she arrived at LBS she decided to appointed Michael Hay Deputy Dean and Secretary. "When Laura came in, the guy who was secretary and treasurer was removed, and Michael Hay took over in a sort of managerial sense, Michael has been running the School. So Michael has responsibility for administration and finance but in practice, he has done quite a lot more than that. And when Saul stood down, Naufel Vilcassim was taking over and he's been in post for a year now, so he's part of that team now. And Steven Schaeffer, I think was part of the team for

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[329] Laura Tyson, former LBS Dean
[330] Laura Tyson, former LBS Dean

two years but it may have been a little longer. Steve has sensible comments to make on everything, and so he was a good person to have on that committee."[331]

Tyson also noticed that LBS had a strong operational team with a different viewpoint than the Faculty's. "And that was definitely what I became more sensitive to when I got here."[332] In this regard, Tyson understood that there was an "issue of shared responsibility" in running LBS: the governors, senior management and the Faculty. "They are really quite separate these three. You have to work right away to bring them together."

When she arrived there was an advisory assignment led by Booz-Allen, consultants, regarding LBS strategy towards 2010. Michael Hay recalls, "It's the first time the School has a comprehensive plan. The School plan is really my initiative. It came out of the strategy but I really designed the proper plan. We did all the work with Booz-Allen on the strategic positioning of the School from which came the School's kind of vision statement and mission. It started in November/December 2001, before she arrived. [...] We needed to do it because we were having a new Dean coming. She supported that. Then I decided we needed a proper plan."

Tyson asserts the Booz-Allen report suggested "nothing surprising. [...] We want to be a great Business School, a global Business School; we want to be an academic research-based global Business School, what we were on our way to do anyway."

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[331] Paul Marsh, former LBS Dean
[332] Laura Tyson, former LBS Dean

LBS differentiation in the world of topnotch Business Schools consists of two issues: one is the fact that the School is in London; "That's a real advantage. There aren't any other global Business Schools in London and isn't that great? We should make the most of it;"[333] and second, that LBS should in every way define its "global research capability, which is our catch ray, what we're trying to give our students, special content skills and attributes."[334]

She considers of great value the process through which this information was generated. "By the end of my first year here, we had agreed on what we were saying about the School, and what our major strategic issues were. [...] We had conversations with recruiters, and we had a Faculty force that worked on this." [335]

Another critical aspect was that given the fragility of the School's financial structure, Tyson found that LBS was limited to sustaining the excellence it had achieved during the past years. In this regard, towards the end of Quelch's tenure, a consulting firm on fundraising carried out a report on LBS, which affirmed "the School had reached a level of distinction in students it attracts, and Faculty it attracts, and research it does. But its fundraising and PR capabilities are set apart, not comfortable, and we are playing a low game in that, at low standards in that." [336]

a) Filling the 'fundraising gap'

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[333] Laura Tyson, former LBS Dean
[334] Laura Tyson, former LBS Dean
[335] Laura Tyson, former LBS Dean
[336] Laura Tyson, former LBS Dean

But Tyson realised the School's culture was not ready to undertake a fundraising campaign. "There was a mismatch between what the School wanted to continue to be and what the financial model was. What was said was the financial model would only work if you significantly increase the returns from fundraising."

However, she realised "We hadn't developed the network, we didn't have a good stewardship to the gift we had got, we didn't have a statement of what we wanted the money for which was compelling enough, we didn't have a story, we didn't have a brochure." LBS needed to develop a process right before launching a fundraising campaign. "Otherwise, it won't work."[337]

Thus, Tyson went out with a very specific agenda: "Hire a high-ranking Associate Dean for external relations; put him or her in our management committee; recruit several additional fundraisers; and then, convince the Faculty and convince the alumni and everybody that this had to be a major issue in the School."

During Quelch's tenure, LBS programmes were under market price, thus, raising prices seemed a solution. But during Tyson's Deanship, LBS's programmes were the most expensive programmes in the world. Thus, she decided "No more revenue growth through very rapid increases in numbers, no more through rapid increases in prices, the cost structure cannot continue to grow because we recruited all this research Faculty and they are demanding compensations that are global. So you have created a gap, and the gap is the fundraising gap."

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[337] Laura Tyson, former LBS Dean

Thus, developing fundraising has been one of Tyson's priorities, one on which LBS's business model is based. "We should do that because, in part, we do have a great outreach around the world. We have all these alumni in 50 clubs and 100 countries, so, but I think it's still a lot of our alumni."[338]

b) Consolidating the research model, hiring new Faculty

"The other thing is I do spend a period of time with the Faculty team. I mean, the process of continuing to do the research model has been ongoing. [...] I was quite intense on making sure we had periods of reviews of the content of the programme. You do need to seriously set up a critical process if you want to review programmes to make changes."[339]

Tyson focused on developing the School's Faculty, "creeping and continuing to improve quality and increase size." [340] She set up a new committee structure, a sort of central hiring committee responsible for the Faculty. "I decided not to go through the Faculty Dean any more because I felt that the hiring decisions in the School were too decentralised and that Faculty were blocking decisions that should be good for the School for their own interests. [...] I took over that."

As for the Faculty Dean, the role is "critically important because the Faculty Dean is the one that ultimately has to be responsible for keeping, taking the constant temperature of the Faculty, knowing what the issues are because the Dean is doing all the representational stuff." Tyson highlights the importance of the Faculty Dean

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[338] Laura Tyson, former LBS Dean
[339] Laura Tyson, former LBS Dean
[340] Laura Tyson, former LBS Dean

in bringing together Faculty leaders in a committee structure. "You have to have a very powerful Faculty Dean."[341]

5. 2. Laura Tyson's view on her role as a Dean

In describing Tyson's agenda, Michael Hay asserts that she organises her time based on three different priorities: "To build a Faculty and increase the Faculty number which is low at the moment. And fundraising. So Faculty, fundraising and the third is international development in terms of what does it mean to be an international global Business School."

Tyson organises her agenda by spending 1/3 of it on the operational issues and 2/3 on the representational. "The operational part is really 25%, maybe sometimes 30%, because of our Faculty issues and things like that. But so instead its 2/3 or 75% of the time is representational." In this regard, she recognises: "When I came back from government I knew I had acertain set of skills which maybe would mean I could do this job well. You know, I can generate enthusiasm for things, I can mediate other hard, complicated critical processes, sort of bring people together who can deal with all of that stuff."[342]

To her perspective, being Dean entails representing the interests of the Faculty to the other key groups and also, the interests of others to the Faculty. "The main thing that I think a Dean is trying to do is actually trying to represent the institution to the different groups that don't quite see the institution in the same way. So you're standing for the collective interests and the future of this institution

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[341] Laura Tyson, former LBS Dean

[342] Laura Tyson, former LBS Dean

which the rest of the university depend upon and the Faculty depends upon, but they are feared in terms of what they should do, how they should operate, in terms of their own rather narrow agenda."[343]

The other group is the Governing Body. The members of this have certain rights and responsibilities as an audit committee for the finances of the School, composed of outsiders. They are also involved in setting the strategy. However, they have never been inside an academic institution except as students, so they "tend to see it as a business."

"I don't think having a shared governance in this way is really a bad thing. It's just a complicated thing. I think that the Faculty do need to be listened to and be responded to and understand what the governors say. But at the same time, I think the governors think that of the Faculty so you are in the middle trying to continue to build this bridge. But I actually think it's probably for a Business School not a bad model."[344] In this regard, people agree "It's the first time the School has a comprehensive plan. [...] She has a much engaging style; engaging with everyone. The atmosphere has improved. There's harmony. [...] She has a very consensual style. She doesn't like, doesn't like confrontation. She's very much more consensual, very much involving people. And from a personal point of view in the job I do, just lets you freedom to get on with it. "[345]

In considering both business and academic perspectives, Tyson believes this prevents what some articles say about Business Schools, that they become irrelevant

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[343] Laura Tyson, former LBS Dean
[344] Laura Tyson, former LBS Dean
[345] Michael Hay, LBS Deputy Dean and Secretary

when they are controlled primarily by academics. In this regard, people recognise that LBS benefits by "having such a high-profile Dean with high academic background." [346]

5. 3. LBS's Future challenges

Tyson points out three main challenges. The first one refers to the School's economic model. "The question is, how do you finance this kind of knowledge generation? That's a very big issue for any Business School."[347] In this connection, Tyson acknowledges, "I'm not sure it is the right model. It is the model that I came into. [...] What I was asked to do was not to resolve the inconsistency on the grounds of changing the model but to try to resolve the inconsistency on the grounds of wanting a serious fundraise effort. [...] There was a mismatch between what the School wants to continue to be and what the financial model was. What was said was the financial model would only work if you significantly increase the returns to fundraising. And it was left to the question whether that was a feasible thing to do, if that's the challenge."

The second challenge refers to how to develop Faculty challenge. While older generations of Faculty view the Business School as being heavily involved in executive education teaching, in 'academic entrepreneurship', new generations are just interested in 'academic reward.' "So the issue then becomes the next generation of leaders in these institutions and who's going to be the great executive education teachers or who are going to be the ones that are going to develop a new programme

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[346] Lynn Hoffman, LBS Associate Dean of Executive MBA and Global Executive MBA
[347] Laura Tyson, former LBS Dean

because [...] they want to be left alone to do their research. They really do not have any interest in governance, in capacity-building. On the other hand, if you try to bring somebody from the outside to do that, they are very concerned that their power might be eclipsed. So they have power, they don't want to exercise it."[348]

Finally, the third challenge refers to the devaluation of the MBA programme as a result of two main causes: proliferation of programmes and the instrumental nature of the motivation people have for going to Business Schools. In this regard, Tyson affirms that, given that the "MBA programmes are ranked deliberately on the increased salary that a student gets by going onto an MBA programme, the whole MBA programme as an academic learning experience is being reduced, it is totally instrumental."

5. 4. Analytical tracing of different 'aspects' during Laura Tyson's tenure (2002–2004)

To better describe and understand the SLP (strategic agenda-building and -executing) from a contextual and political perspective, the study focused on the set of initiatives led by Laura Tyson in enhancing LBS visibility and fundraising activities to develop an endowment fund according to LBS strategy to compete in the top international league of Business Schools.

Among the different strategic issues included in the School's agenda (see Appendix) over the period between 2002 and 2004, the study described the

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[348] Laura Tyson, former LBS Dean

following: filling the fundraising gap to develop the endowment; hiring new Faculty aligned with the School's new academic profile; external positioning and visibility of LBS as a globally pre-eminent institution; development of the LBS strategic plan 2005–2010. Thus, the study considered the main initiatives over this episode as *incremental initiatives* since they implied the continuation of the strategy previously undertaken by both George Bain and John Quelch.

5. 4. 1. Critical elements for Laura Tyson's agenda to succeed over this period

Resistance to those initiatives was not a critical issue since they were mainly focused on the external environment and were aligned with the strategic direction previously set (by George Bain and John Quelch). Moreover, most features from the outer context such as *corporate customers' demands, alumni, competition, governance* and *location* ("The London advantage") favoured and legitimated the initiatives. The external *economic environment* was positive for the initiatives to succeed, although some external elements impacted negatively on the economy as a consequence of terrorism ("9/11", the Iraq war, etc.).

5. 4. 2. Legitimisation and Power mobilisation

With regard to the LBS internal context, Laura Tyson's interpersonal, communication and political skills, combined with her participative leadership style, facilitated the interaction with the faculty. She listened to others actively and carefully. She gained people's acceptance by engaging them in both planning and decision-making processes. Besides this, her charisma and high profile, together with her international prestige and reputation, played a key role in the School's external agenda of positioning and fundraising. Finally, her academic US background facilitated the initiative of hiring new faculty with international standards.

For further analysis refer to LBS Appendix VII.

Chapter VIII: CROSS-CASE ANALYSIS

Case study researchers tend to argue that they aim to generate an intensive examination of a single case, in relation to which they then engage in theoretical analysis (Bryman, 2001). In a case study analysis, the crucial question is not whether the findings can be generalised to a wider universe, but how well the researcher *generates theory out of the findings* (Yin, 1984).

However, in order to be in a better position to establish the circumstances in which a theory will or will not hold, the researcher usually compares two or more cases (Yin, 1984; Eisenhardt, 1989). "The comparison may itself suggest concepts that are relevant to an emerging theory" (Bryman, 2001: 53).

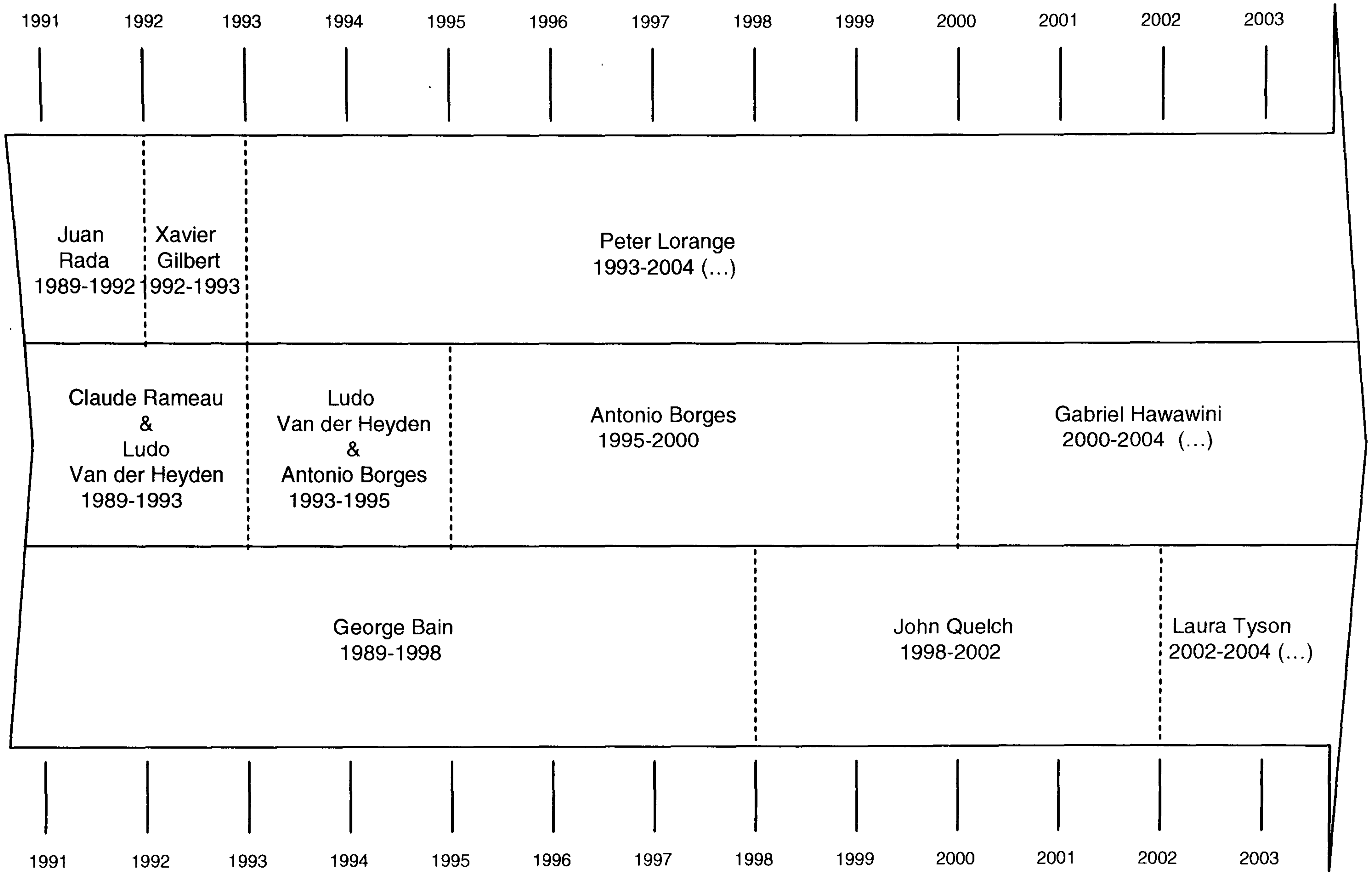
This study about the strategic leadership process in Business Schools during the period 1990–2004 from a political perspective has chosen three top European Schools. All of them present the same external context: the management education industry in Europe between 1990 and 2004.

In observing the enactment of the SLP over time, through a comparative analysis of these three Business Schools, the study intends to distinguish particular characteristics that will act as a springboard for theoretical reflections about contrasting findings (Bryman, 2001) related to the SLP in Business Schools, over time.

In this regard, the political analysis of the SLP aims at identifying *similarities* and *differences* between the SLP in each Business School and across the three, over time, and thus, establishes *patterns* and *variations* in the enactment of the SLP in these particular organisational settings. Accordingly, it will visualise the SLP (strategic agenda-building and -executing) in a particular *strategic issue* that will act as a *vehicle* to evidence the dynamics, interconnections and key characteristics of the SLP (Birkinshaw, 1997; Chakravarthy et al, 2003), over the period 1990–2004.

The following Figure 22 shows the analytical chronologies of the three cases over the period 1990-2004, which will be tackled next.

Figure 22: Analytical Chronologies of the three cases during 1990-2004



1. Comparative Cross-case analysis of the SLP at IMD, INSEAD and LBS, over time from a political perspective

In carrying out the comparative cross-case analysis among the three Schools, the study observed the SLP through strategic agenda-building and -executing in relation to the same *strategic issue* as a 'vehicle' to study the SLP in each School: *"Becoming a top international Business School"*.

To aid the study's consideration of this strategic issue, it was divided into different *episodes*. These refer to a *set of initiatives* that trigger decisions and actions, over time. For example, at IMD the first episode is related to a number of initiatives undertaken by Dean Juan Rada with the purpose of *making the IMI and IMEDE merge successful*. The second episode describes those initiatives carried out by Xavier Gilbert as Interim Dean, aiming at *restoring the School's financial situation* while a new Dean was sought and nominated. Finally, the third episode, the longest, tackles those decisions and actions led by Peter Lorange that take the merger and creation of the new School to a stage of *consolidation and success*.

Likewise, in the case of INSEAD, the first episode refers to the set of initiatives related to *deepening* the School's *research* strategy and profile. The creation of INSEAD's PhD programme and the recruitment of a US PhD Faculty has been an antecedent to this set of initiatives. The succession to Philippe Naert by Ludo Van der Heyden aimed at continuing this initiative of strengthening INSEAD's research strategy, competences and capabilities. During his co-Deanship with Claude Rameau, he was oriented towards the consolidation of the PhD Programme and the promotion of Faculty with a research profile. When Antonio Borges was appointed, he reinforced this strategy of enhancing the research profile of INSEAD. To do so, he focused on the need to launch a capital campaign aimed at achieving the economic resources that would finance the School's research activities.

The second episode observes INSEAD's initiative to *open* a second campus in Asia; the third episode tackles those initiatives led by Gabriel Hawawini to make the *Singapore campus work.* Finally, the fourth episode studies Gabriel Hawawini's decision to attach the definition of his nomination for a second Deanship, to the decision of opening a *third campus* in the US.

Finally, at LBS, the first episode observes the set of initiatives led by George Bain to start this turning point in the School's history. The second episode analyses the set of initiatives that took place under John Quelch's Deanship, in deepening and giving continuity to the internationalisation strategy initiated by George Bain. Finally, the study focuses on the number of decisions and actions promoted under Laura Tyson's tenure in order to strengthen the School's international visibility and promoting fundraising activities towards the creation of an endowment fund.

Table 20: Decisions and actions considered for each strategic issue in analysing the SLP in Business Schools during the period 1990–2004

Bs. School	IMD			INSEAD				LBS		
Strategic issue	← *Becoming a top international Business School* →									
Period	1990-1991	1992-1993	1993-2004	1990-1995	1995-1999	1999-2003	2004	1990-1997	1998-2001	2002-2004
Set of decisions and actions to promote	Making the IMI and IMEDE merger successful	Restoring the School's financial situation	IMD's consolidation and success in the top league of management education	Deepening the School's research strategy and profile	Launching a 2nd campus	Making Singapore work	Launching a 3rd campus	Making LBS a top - league internat. School	Deepening the strategy of internationalisation, Faculty transformation, and enhancing LBS's visibility and revenues	Enhancing LBS visibility and fundraising activities

2. Political analysis of the SLP (strategic agenda-building and -executing) in Business Schools, over time

2. 1. Issue legitimisation and power mobilisation

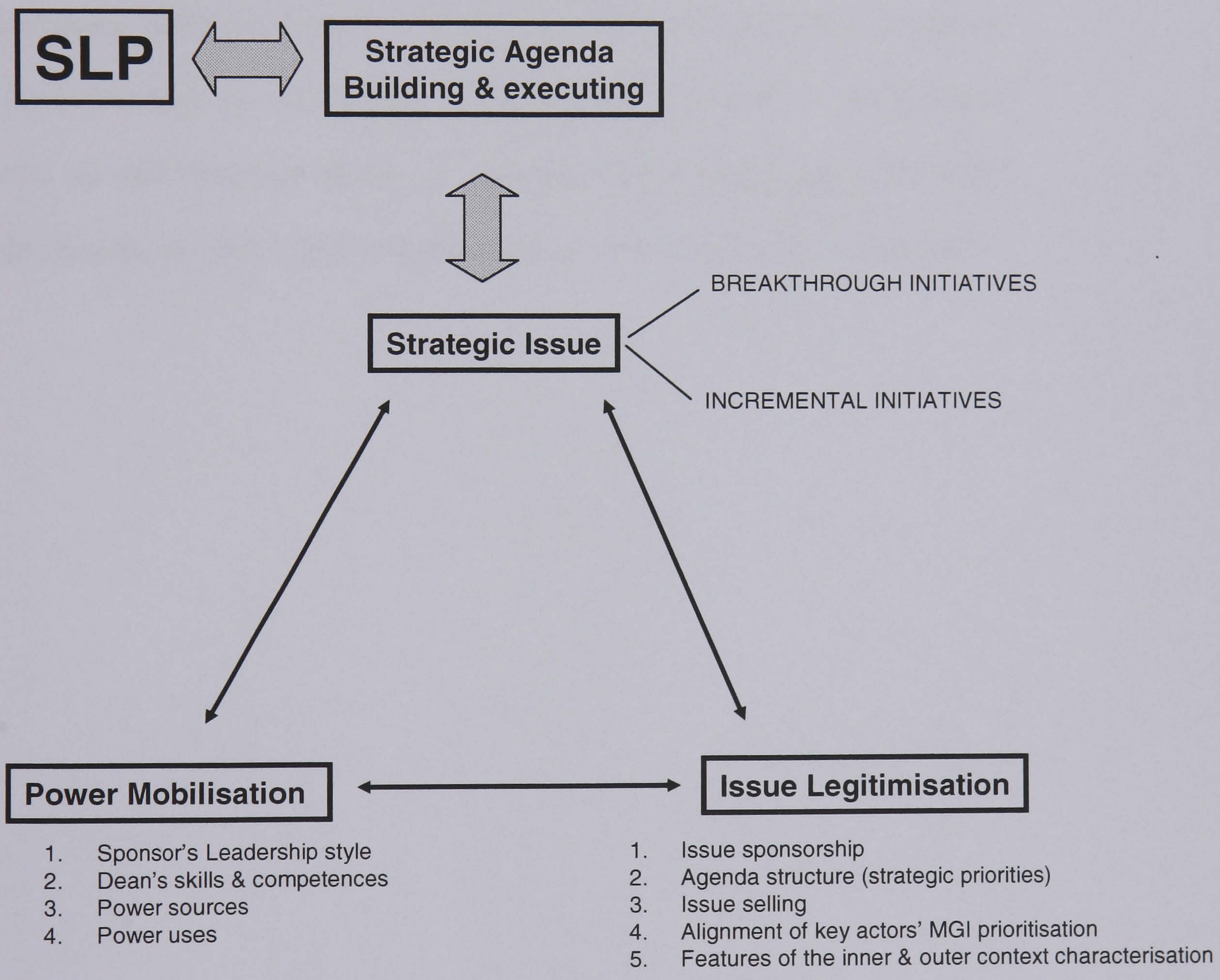
This political analysis of the SLP in Business Schools, over time, focuses on two key activities: 'issue legitimisation' and 'power mobilisation'. These enablers consist of a set strategy of initiatives displayed by the School's key actors in raising a strategic issue in the School's agenda, legitimating it and mobilising power to get it decided and executed.

2. 2. Strategic initiatives: Breakthrough or Incremental

This set of initiatives undertaken by the School's key actors in the intention of fulfilling each strategic issue can fall along a continuum ranging from modest, small-scale change to far more extensive radical and dramatic changes (Dutton, 1987). In this regard, the study identifies strategic issues producing breakthrough or incremental initiatives. While the former refers to those that involve a turning point in the School's strategic agenda; i.e. "a significant reshuffling of resources and beliefs, making them significant and time-consuming events" (Dutton, 1987: 286), the *latter* describes those that seem to carry on previous strategies *without* implying a significant and *decisive change* within the School's strategic agenda; strategic issues *already included* in the School's strategic agenda and which thus do *not affect* its structure.

Thus, the comparative analysis will evolve around the following framework represented in Figure 23, already used in each case study on the SLP, over time from a political perspective in each School.

Figure 23: Analytical Framework for a political approach to the study of the SLP in Business Schools, over time



3. A Comparative Cross-case analysis of the SLP over time, from a political approach, in IMD, INSEAD and LBS

3. 1. Breakthrough – Incremental initiatives

The earlier description of the cross-case analysis entails the classification of the set of initiatives (decisions and actions) displayed in each School's intention of going forward with the strategic issue *(becoming a top international Business School)*. The following table classifies those initiatives into *breakthrough* or *incremental*, according to their impact in the strategic agenda of each Business School. In carrying out the classification, the study could identify six which were *breakthrough* and four which were *incremental.*

Table 21: Breakthrough vs. Incremental initiatives across the three Business Schools

Bs. School		IMD			INSEAD				LBS		
Strategic issue		← *Becoming a top international Business School* →									
Period		1990-1991	1992-1993	1993-2004	1990-1995	1995-1999	1999-2003	2004	1990-1997	1998-2001	2002-2004
Episode (Set of decisions and actions to promote)		Making the IMI and IMEDE merge successful	Restoring the School's financial situation	IMD's consolidation and success in the top league of management education	Deepening the School's research strategy and profile	Launching a 2nd campus	Making Singapore work	Launching a 3rd campus	Making LBS a top- league internat. School	Deepening the strategy of internationalisation, Faculty transformation, and enhancing LBS's visibility and revenues	Enhancing LBS visibility and fundraising activities
Type of initiative	Breakthrough	▨		▨	▨	▨		▨	▨		
	Incremental		▨				▨			▨	▨

In this regard, at IMD, the first episode that took place between 1990 and 1991 during Rada's Deanship refers to those decisions and actions related to the start-up of IMD, as a result of the merger of IMI and IMEDE. These decisions and actions were considered breakthrough because of the significance of the fact that the merger initiative implied the creation of IMD, a new Business School. On the other hand, the second episode refers to a number of initiatives undertaken by Xavier Gilbert (1992-1993) and it is considered *incremental* since they represent the continuance of the merger and IMD's creation. As for the third episode, the set of initiatives during Peter Lorange's tenure (1993–2004), it is considered *breakthrough,* for it implied setting and implementing a new strategy for IMD to shape its identity, including its culture, policies, systems and structure.

At INSEAD, the first episode implied breakthrough initiatives since INSEAD was a teaching-oriented Business School. Thus, the purpose of becoming a top-league player in the management education international market demanded that they develop their research skills, capabilities and activities. With regard to the second episode, *"opening a campus in Asia",* again, it represents a breakthrough set of initiatives. This implied a significant risk regarding the School's financial situation and reputation. Even though INSEAD had vast experience in teaching executive education in Asia, the decision of becoming *one School with one Faculty and two campuses* represented a number of challenges and new risks and complexities.

Likewise, the possibility of opening a third campus in the US, sponsored by Gabriel Hawawini in the 4th episode, was also considered a *breakthrough* initiative for similar reasons. On the other hand, making the Singapore campus work implied the *completion* of the process of launching an INSEAD campus in Asia, rather than a turning-point in the School's strategic agenda, and thus, it is considered as *incremental.*

Finally, at LBS, George Bain's episode, which focused on *reorienting* LBS's *strategy* towards the international management education market, represented a turning-point for LBS's history, culture (strongly British) demography and profile. However, Quelch's and Tyson's episodes were considered *incremental initiatives* in the sense that they represent the continuity of deepening and strengthening the academic strategy previously set under George Bain's Deanship.

3. 2. Issue legitimisation

For an issue to be included in the strategic agenda and executed, legitimisation among key actors represents a condition. It gives an implicit answer to critical questions related to what issue, why and who sponsors or promotes the issue.

a) The following elements are considered in analysing issue legitimisation:

i. Issue-sponsorship

The definition of an issue becomes the target for debate and manipulation by key actors. Control over an issue's definition is important to issue sponsors – i.e. individuals who take a personal stake in making a strategic issue an agenda item. Sponsors have a major influence in shaping the organisation's strategic agenda, whether acting autonomously or as members of a coalition, issue sponsors "latch onto issues and mobilise interest and spread awareness about an issue" (Dutton, 1986: 10).

Finally, there is direct connection between the *position* issue sponsors have within the organisation and their capacity to influence in *raising* some issues to the strategic agenda.

ii. Issue-selling

Any particular issue varies in how important, abstract simple and immediate it is perceived to be (Dutton, 1986). In this regard, perceptions of issue characteristics change as new information and new interests define the issue in a different light, making it appear more or less appropriate for inclusion in the agenda.

In helping to intensify interest or gain issue exposure, issue sponsors undertake issue-selling – i.e. the action of gaining people's attention to or understanding of an issue and how such an issue is related to the organisational strategy (e.g. Antonio Borges, George Bain). Thus, they translate a concern into action by making others *visualise* the issue embedded in the organisational context and *placing* that issue on the organisational agenda.

iii. Agenda structure

The organisation's strategic agenda can be described as an array of issues containing a limited *number* and *variety* of issues at any one point in time (Dutton & Duncan, 1987). The entry of an issue onto the strategic agenda is *facilitated* or *constrained* by the *number of issues, their sequencing and structure of the organisation's agenda* at the time an issue is being raised. Thus, entry will vary according to key actors' prioritisation of issues. The study was able to observe that the ability to influence agenda structure represents a critical source of power.

iv. Alignment of MGI prioritised by key actors

In carrying out the fieldwork, the study observed that each key actor has a set of *main generic interests* (MGI) depending on the *role* of the key actor, rather than the *individual* who may play that role. For example, because of his role and position in the School's structure, the Dean has the following MGI:

a) Strategic agenda-building,

b) Performance,

c) Faculty and Board support, independent of whether the role is played by Peter Lorange, Antonio Borges, George Bain, etc.

However, what *varies* is the *prioritisation* of those MGI according to who the key actors are and their circumstances, influenced by both features of outer and inner contexts. Moreover, the study also identified that the *alignment* of the prioritisation of those MGI positively affects decision success.

v. Characterisation of features of the inner and outer context

Given that this study observes the strategic leadership process with a *contextual* perspective, it focuses the *influence* exerted by the characterisation of features from both outer and inner contexts on the organisation's strategic agenda-building and -executing, over time; how these features shape the SLP and are also shaped by the SLP.

b) Cross-case analysis: Issue legitimisation in breakthrough initiatives

The following Table shows the initiatives considered by this study as "breakthrough" related to the different Business Schools and their corresponding episodes.

Table 22: Cross-case analysis. Issue Legitimisation in Breakthrough initiatives

Bs. School	IMD			INSEAD				LBS		
Strategic issue	← *Becoming a top international Business School* →									
Period	1990-1991	1992-1993	1993-2004	1990-1995	1995-1999	1999-2003	2004	1990-1997	1998-2001	2002-2004
Episode (Set of decisions and actions to promote)	Making the IMI and IMEDE merge successful	Restoring the School's financial situation	IMD's consolidation and success in the top league of management education	Deepening the School's research strategy and profile	Launching a 2nd campus	Making Singapore work	Launching a 3rd campus	Making LBS a top league internat. School	Deepening the strategy of internat., Faculty transformation and enhancing LBS's visibility and revenues	Enhancing LBS visibility and fundraising activities
Breakthrough initiative	▨		▨	▨	▨		▨	▨		

i. Issue sponsorship – Issue-selling

In each case, the *Dean* was the key *sponsor*. However, even though he/she is the highest formal authority because of his/her position in the School's structure, the particular characteristics of Business Schools as higher education institutions (shared power and dual authority), requires that he/she should need the support of other key actors.

This can be seen at IMD in actions undertaken by Juan Rada towards achieving *Faculty participation* and the Board's agreement with strategic goals. Likewise, from the very beginning of his mandate, Peter Lorange set a clear message about his own role, in order to clarify that he was governing on the Faculty's and Board's behalf. At the same time, he affirms his authority as President of IMD in charge of all strategic decisions.

As for the case of INSEAD, the first and second episodes (Antonio Borges') represent breakthrough initiatives implying critical change in the School's strategy, culture and systems. He carries out a strong issue-selling process to make both the Board and the Faculty understand and share these initiatives, underlining their relevance in reaching INSEAD's international strategy and success in order to be a top worldwide Business School.

In the case of Gabriel Hawawini's episode, implying a breakthrough initiative (launching a third campus), he presents it as a *precondition* to his undertaking a second term as Dean of the Business School.

Finally, breakthrough initiatives at LBS related to the strategic issue of becoming a top international Business School, implied a turning-point in the School's strategic agenda. Even though there was a fair consensus among most Faculty about the need to introduce change that would facilitate competition in the international arena, Bain spent several months talking to many people, listening to everyone who would approach him and finally, writing down the new strategic direction in a document – *Bias Towards Strategy*. This document articulated different viewpoints in a strong and effective vision and thus, it favoured the alignment and facilitated the School's change towards the need to focus on the international market rather than the UK market.

ii. Alignment of MGI prioritised by key actors

In those cases in which initiatives related to the strategic issues were finally executed, the study found a *clear alignment* of those main generic interests prioritised by key actors. However, alignment was not always spontaneous but promoted and displayed by the Dean.

At IMD during Juan Rada's tenure, both the Dean and the Board had a different prioritisation: Rada was oriented towards *strategic agenda-building and executing* with impact on the long term, while the Board prioritised *performance* as a short-term demand. To some extent, such misalignment contributed to Rada's departure.

As for Peter Lorange, from the beginning of his Deanship, an intensive activity to align key actors' MGI priorities is perceived. He focused on identifying those signals that entailed any misalignments such as Faculty compensation systems which he shaped. From the very beginning Lorange argued for the importance of integrating in the School's vision the needs of both the institution and the key actors. Accordingly, he promoted such integration of interests and goals through his consistent behaviour in bringing customers' perspectives to the School. Later, he also redesigned policies, academic systems and structures, and maintained intensive communication with both Faculty and Board.

As for Antonio Borges, along the two sets of strategic initiatives (1st, initiatives with the purpose of deepening the research profile of INSEAD; 2nd, initiatives with the purpose of opening a second campus), they expanded and strengthened the issue sponsorship through informal communication with key members of Faculty and Board. Borges displayed a clear activity of communication in articulating those initiatives he promoted aligned to the School's strategic initiative that started under Philippe Naert's Deanship with the creation of the PhD programme, and hiring new Faculty with research competences. He leveraged on INSEAD's entrepreneurial and international culture, centring on the School's experience and reputation as a main executive education provider in Asia. Borges introduced such initiatives as sequential steps towards the evolution of the School according to its strategic agenda.

On the other hand, the study found a *lack* of *issue-selling* in episodes that did not go forward. This affected the alignment of those MGI prioritised by key actors. With regard to Juan Rada's decision at IMD, he focused on the success of the merger based on defining and shaping the new School's strategy, probably without a clear message of where the School was headed. Unlike Dean Rada, the Board prioritised sustainability as a precondition for any strategy. As for the Faculty, it was fragmented, disoriented and discontented.

In the case of INSEAD, there is a misalignment gap between the Dean's priorities and those of the Faculty and Board. Gabriel Hawawini's sense of urgency, of going forward on the *multi-campus* or *network model* Business School strategy was not shared by the other key actors. The Faculty who eventually supported his continuity as Dean, did not agree with such decision. Rather, the Faculty focused on other priorities: consolidation of the Singapore campus and the impact of this campus in the work systems and academic career. As for the Board, Claude Janssen was replaced by Cees Van Lede, a former INSEAD alumnus with a conservative profile, oriented towards the School's performance, sustainability and reputation and who did not support Hawawini's 'risky' initiative.

iii. Characterisation of features of the outer and inner context (what influenced most in legitimating and de-legitimating)

With regard to those features of both outer and inner contexts that legitimated the foregoing breakthrough decisions, the study found *corporate* *customers' demands,* and *competition* to be the features of the outer context that affected issue legitimisation favourably.

As for those features of both outer and inner contexts that de-legitimate, the study has not found any feature that appears de-legitimating in all breakthrough initiatives.

c) Cross-case analysis: Issue Legitimisation in Incremental initiatives

The following Table shows the initiatives considered by this study as "incremental" related to the different Business Schools and their corresponding episodes.

Table 23: Cross-case analysis. Issue Legitimisation in Incremental initiatives

Bs. School	IMD			INSEAD				LBS		
Strategic issue	← *Becoming a top international Business School* →									
Period	1990-1991	1992-1993	1993-2004	1990-1995	1995-1999	1999-2003	2004	1990-1997	1998-2001	2002-2004
Episode (Set of decisions and actions to promote)	Making the IMI and IMEDE merge successful	Restoring the School's financial situation	IMD's consolidation and success in the top league of management education	Deepening the School's research strategy and profile	Launching a 2^{nd} campus	Making Singapore work	Launching a 3^{rd} campus	Making LBS a top league internat. School	Deepening the strategy of internat., Faculty transformation and enhancing LBS's visibility and revenues	Enhancing LBS visibility and fundraising activities
Incremental initiative		▨				▨			▨	▨

i. Issue sponsorship – Issue-selling

As has already been asserted, the study considers as incremental, those decisions and actions promoted by Xavier Gilbert during his Interim Deanship intended to restore IMD's financial situation; those encouraged by Gabriel Hawawini to make INSEAD's Singapore campus work; and those carried out by both John Quelch and Laura Tyson at LBS, with the intention of *deepening* the School's visibility and fundraising in order to become a top-league worldwide Business School. These decisions do not imply change in the School's strategic agenda. On the contrary, they represent a continuum in the strategic direction previously set.

In the case of Xavier Gilbert at IMD, with regard to *issue sponsorship*, his authority was rather weak because of his role as interim Dean. However, his clear *alignment* with the Board's MGI priorities of restoring the School's financial situation strengthened his own sponsorship. Moreover, Gilbert was able to align Faculty priorities with this initiative.

As for Gabriel Hawawini, his role as Dean of INSEAD had strong support from the very beginning since he had been chosen by a vast majority of the INSEAD Faculty *to make* the *Singapore campus work*, and to restore the School's cohesion and integration after a period of tension and edgy climate because of controversial decisions carried out by Antonio Borges. Therefore, his sponsorship over the decision of developing the Singapore campus was strong; it had already been legitimated.

Although incremental, it seems relevant to note that both Gilbert and Hawawini called for the Faculty's attention to and understanding of the strategic issue (issue-selling) by focusing on its *urgency* and consequentiality. They present it as a problem they all *share* as members of a same *community* and thus, that they have to solve.

As for John Quelch, the Faculty had chosen him with the clear purpose of continuing with Bain's strategy of internationalising LBS. Quelch was determined to do so by deepening the international and research Faculty profile – i.e. attracting and hiring Faculty from top US Business Schools and adequating the academic systems, delegating this initiative, basically to Saul Estrin (LBS Faculty Dean).

On the other hand, Quelch personally involved himself in positioning the LBS brand in the world landscape, working hard with alumni and business people, and also strengthened the economic model of the Business School by expanding its programme portfolio and thus, raising the School's revenues dramatically. His prestige as a British native and HBS Full Professor coming to LBS reinforced his prestige.

Finally, Laura Tyson was appointed with the same mandate. Both Faculty and Board expected a Dean who would follow the strategy initiated by George Bain and John Quelch: transforming LBS into a top-league Business School. As with Quelch, her effort was mainly focused on continuing with the

Faculty hiring, increasing the School's visibility and developing fundraising activities with the purpose of building an endowment.

ii. Characterisation of features of the outer and inner context (what influenced most in legitimating and de-legitimating)

With regard to the characterisation of features of both inner and outer context that legitimated Gilbert's decision, the study identified *donors and benefactors, corporate customers' demands and economic environment.*

As for Gabriel Hawawini, *corporate customers' demands* and *competition* acted as features legitimating his decisions, while *economic environment* de-legitimated them. In this regard, facts such as the September 11th 2001 terrorist attacks, SARS and the end of the Asian financial crisis had negative effects during Hawawini's tenure. There were doubts related to the possibility that the INSEAD Faculty would not stay at Singapore, thus, location strongly de-legitimated as well.

In relation to John Quelch and Laura Tyson at LBS, the outer context presented the following legitimating features: *corporate customers' demands, alumni, government, competition, location* ('the London experience') and *economic environment. Donors and benefactors* de-legitimated because of the lack of a fundraising culture in the UK.

With regard to the inner context at IMD, *climate* (fear and uncertainty about the future), *structure* (clear distinction between the Dean's role and that of the Chairman of the Board) and *performance* (Gilbert restored the School's financial situation) legitimated Gilbert's activity while *culture* (Faculty fragmentation between *farmers and hunters*) de-legitimated it.

At INSEAD, *climate* favoured Hawawini's actions since he knew how to capitalise on his drive to achieve in an organisation with an entrepreneurial *culture*. However, features from the outer context such as *economic environment* (SARS and terrorist attacks) did not contribute in legitimating.

Finally, as for John Quelch, his decision was legitimated by the School's *climate* (will to become an international School) and *performance* (the School inherited both economic and financial health from Bain's tenure, and revenues were increasing). However, *culture* acted as a de-legitimating feature since the LBS Faculty was still mostly based on a *British* Faculty. Quelch altered this by hiring US Faculty. Tyson deepened this trend even though she found an LBS Faculty already oriented towards the US Faculty model.

Table 24: Cross-case analysis of Issue Legitimisation at IMD, INSEAD and London Business School

				IMD			INSEAD				LBS		
				1st	2nd	3rd	1st	2nd	3rd	4th	1st	2nd	3rd
Type of decision			B	▨		▨	▨	▨		▨	▨		
			I		▨				▨			▨	▨
Legitimisation	Issue-selling					▨	▨	▨			▨		
	Alignment MGI				▨	▨	▨	▨	▨		▨	▨	▨
	Features legitimating	OC	CCD	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
			A									▨	▨
			DB	▨	▨	▨	▨	▨		▨	▨		
			G					▨			▨	▨	▨
			C	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
			L					▨			▨	▨	▨
			EE	▨	▨	▨				▨	▨	▨	▨
		IC	CL		▨	▨			▨		▨	▨	▨
			CU					▨	▨	▨	▨		
			ST		▨				▨		▨	▨	▨
			SY		▨				▨		▨	▨	▨
			P		▨	▨	▨	▨	▨	▨	▨	▨	▨
	Features de-legitimating	OC	CCD										
			A					▨		▨			
			DB									▨	▨
			G										
			C										
			L						▨				
			EE					▨	▨				
		IC	CL	▨			▨			▨			
			CU	▨	▨	▨	▨				▨	▨	
			ST	▨		▨				▨	▨		
			SY	▨		▨	▨			▨	▨		
			P	▨									

3. 3. Power mobilisation: Cross-case analysis[349]

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[349] It seems relevant to note that this study classifies people's leadership styles, skills and competences, power sources and use according to the emerging data of the content analysis of

i. Sponsor's leadership style

Following Bass (1990) this study classifies leadership style as either *directive* or *participative*. *Directive leadership* implies that the leader plays the *active role* in problem-solving and decision-making and expects group members to be guided by his or her decisions. To gain acceptance of their proposals, leaders can try to use *persuasion, reason* and *logic*. They can *assert* an *expectation* or need and offer *rewards* or exert *pressure* to gain acceptance. They can generate charismatic *identification* to motivate and build commitment. They can try partial disengagement by backing away from time-consuming issues with a lower priority and by concentrating colleagues' attention to on more important issues.

On the other hand, *participative leadership* refers to leaders who draw people out, listening actively and carefully, and gaining acceptance through *engaging colleagues* in the *planning* or *decision-making* process.

It seems relevant to note that there is no Dean who is totally directive or participative but they all show certain behaviours that mainly tend towards a more directive or participative leadership style.

With regard to the leadership style of the Deans whose breakthrough initiatives promoted successful results – i.e. Peter Lorange, at IMD, Antonio

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the semi-structured interviews. Even though reliability is already confirmed, it seems adequate to declare that 'personal traits' do not reflect the whole richness of personal behaviour.

Borges at INSEAD (with both sets of initiatives) and George Bain at LBS, they all showed a more *directive* leadership style.

On the contrary, those Deans whose breakthrough initiatives were blocked – i.e. Juan Rada's 1st merger stage at IMD and Gabriel Hawawini's intention to launch an INSEAD third campus, showed a more *participative* leadership style.

Unlike Deans undertaking breakthrough initiatives, those Deans carrying out *incremental* initiatives present either *directive* (Xavier Gilbert and John Quelch) or *participative* (Gabriel Hawawini and Laura Tyson) leadership styles.

ii. Dean's skills and competences

Given the significant role the Dean usually has in building and executing the strategic agenda, the study observed the skills and competences that each of the Deans display in fulfilling their role, since they affect the SLP, over time.

In observing those Deans who promoted successful breakthrough initiatives – i.e. Peter Lorange, Antonio Borges and George Bain – they all seem to present the following skills and competences: the three of them are visionary, they show consistent behaviour, they are committed, entrepreneurial, innovators and risk-takers. Moreover, they show political skills, they tend to deliver results and they are identified for carrying out environmental scanning –

i.e. they look for information both within and outside the organisation to integrate and articulate the external message with the organisation's competences, activities and motivation.

As for those Deans who carried out breakthrough initiatives which were finally blocked or unsuccessful – i.e. Juan Rada and Gabriel Hawawini – likewise, since the breakthrough initiatives were successful, the study identified that both of them are visionary. Hawawini shows he is committed and results-oriented (he delivers results).

With regard to Deans whose initiatives were classified as incremental, Xavier Gilbert appears as a committed Dean who shows consistent behaviour, promoting integration of both interests and goals and delivers results. As has already been stated in the previous paragraph, Gabriel Hawawini, is a visionary Dean who seems committed to his role. He is identified as a person who delivers results.

As for LBS Deans whose initiatives were also asserted as incremental, John Quelch shows political skills. He is also identified as a result-oriented Dean; whereas Laura Tyson shows both interpersonal and communicational skills and a high profile.

iii. Power sources

In understanding issue legitimisation, the study has a double perspective about how power is accrued and exerted: *Power sources* and *uses*. In relation to *power sources*, these were classified according to their origin – i.e. *structural* (e.g. *position, resource allocation, reward*) or *personal* (*resource generation, expertise, referent, reputation*).

Even though the Dean's *position* is a source of power, it seems that it is not the most influential power base. Both *reward power* and *resource generation and allocation* were other structural sources of power found among Deans.

In observing those "successful breakthrough initiatives" the study could identify that *prestige, expertise* and *referent power* – i.e. *personal sources* of power turned out to be more effective sources of influence.

With regard to Deans that produced incremental initiatives, all four count on *position* as a *structural source* of power. As for their personal sources of power, Xavier Gilbert presents both referent and reward power; Gabriel Hawawini, referent and expertise; John Quelch, prestige as a Full Professor at HBS and expertise in internationalisation; and Laura Tyson, expertise and prestige as former Dean of Haas Business School, and because she is a public figure.

iv. *Power uses*

In mobilising power, sources are a standpoint. However, having power is not enough. The *will and skill* to build and use power is also critical (Pettigrew, 1995, 1998).

As for the uses of power, in observing those Deanships under successful breakthrough initiatives, the study identified the following power uses: *assertiveness, coalition-building*, *rationality* and *execution.*

In the case of the Deanships under breakthrough initiatives which were either blocked or unsuccessful, Rada showed *rationality* and *consensus-building*, Hawawini, *rationality* and *execution.*

Finally, regarding those Deanships where decisions and actions resulted in incremental initiatives, Gilbert presents *coalition-building, delegation, execution, assertiveness* and *rationality*; Hawawini, *rationality, assertiveness, execution*; Quelch, *coalition formation, execution, celerity, networking, splitting of the opposition, delegation* (related to Faculty issues); and Tyson, *consensus-building* and *delegation.*

Table 25: Power mobilisation in Breakthrough and Incremental initiatives

	Business School		IMD			INSEAD				LBS		
	Episode		1st	2nd	3rd	1st	2nd	3rd	4th	1st	2nd	3rd
	Decisión	Breakthrough	▨		▨	▨	▨		▨	▨		
		Incremental		▨				▨			▨	▨
Power mobilisation	Sponsor's L style	Directive		▨	▨	▨	▨			▨	▨	
		Participative	▨					▨	▨			▨
	Dean's skills and competences	Visionary	▨		▨	▨	▨	▨	▨	▨		▨
		Communication		▨	▨	▨	▨	▨		▨		▨
		Delivers results		▨	▨	▨	▨	▨	▨	▨	▨	▨
		Political skills		▨	▨	▨	▨			▨	▨	▨
		Entrepreneur	▨		▨	▨	▨	▨	▨	▨	▨	
		Commitment	▨	▨	▨	▨	▨	▨	▨	▨	▨	
		Consistency		▨	▨			▨	▨	▨		
		Integration		▨	▨	▨	▨	▨		▨		
	Power sources	Position	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
		Reward		▨	▨	▨	▨	▨	▨	▨	▨	
		Resource g and a		▨	▨	▨	▨	▨	▨	▨	▨	▨
		Expertise			▨	▨	▨	▨	▨	▨	▨	▨
		Reputation			▨	▨	▨	▨	▨	▨	▨	▨
		Referent		▨	▨	▨	▨	▨	▨	▨	▨	▨
	Power uses	Articulation			▨	▨	▨	▨		▨	▨	▨
		Coalition format		▨	▨	▨	▨	▨		▨	▨	▨
		Rationality	▨	▨	▨	▨	▨	▨		▨	▨	▨
		Assertiveness		▨	▨	▨	▨	▨		▨	▨	▨
		Decisiveness		▨	▨	▨	▨	▨	▨	▨	▨	▨
		Execution		▨	▨	▨	▨	▨	▨	▨	▨	
		Delegation			▨	▨	▨	▨		▨		▨
		Listen/scanning	▨	▨	▨	▨	▨	▨		▨	▨	▨
		Consensus-build	▨					▨	▨	▨		▨

4. Comparative Cross-Case Analysis and Findings

4. 1. Cross-case analysis

So far, the study has considered the political approach to the SLP in Business Schools over time, through *strategic agenda-building and -executing* in a particular *strategic issue (becoming a top international Business School)* that acted as a vehicle for the SLP operationalisation.

Moreover, in doing so, it has observed both *issue legitimisation* and *power mobilisation* as the two activities required for the SLP to occur. It has visualised each of these activities through different elements that describe them: *a) issue legitimisation* through issue sponsorship, agenda structure, issue-selling, alignment of key actors' MGI prioritisation and characterisation of features of both outer and inner contexts; and *b) power mobilisation* through the sponsor's leadership style, the Dean's skills and competences, power sources and power uses.

Thus, in the comparative cross-case analysis, focusing on the foregoing strategic initiatives has caused differences and similarities in the SLP across the three Business Schools to emerge. This has enabled the identification of *patterns* within the SLP, related to the "what", "why" and "how" of decisions, actions and outcomes (Pettigrew, 1997).

Next, the study displays those patterns found related to strategic initiatives:

a) Set of breakthrough initiatives successfully implemented:

i. Consolidation and success of IMD led by Peter Lorange

ii. Deepening research strategy at INSEAD led by Antonio Borges

iii. Launching a second campus, led by Antonio Borges

iv. Internationalising LBS led by George Bain

b) Set of breakthrough initiatives blocked or unsuccessfully implemented.

i. First stage of IMD merger led by Juan Rada

ii. Opening the INSEAD third campus promoted by Gabriel Hawawini

c) Set of incremental initiatives

i. Set of incremental initiatives related to Xavier Gilbert's interim Deanship at IMD

ii. Set of incremental initiatives led by Gabriel Hawawini in making the INSEAD Singapore campus work

iii. Deepening LBS internationalisation led by John Quelch

iv. Enhancing LBS visibility and fundraising led by Laura Tyson

1. a) Patterns found in breakthrough initiatives (successful and unsuccessful) related to issue legitimisation

Table 26: Patterns in Successful and Unsuccessful Breakthrough initiatives in relation to Issue Legitimisation[350]

				PATTERNS
				Breakthrough initiatives (successful - unsuccessful initiatives)
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			
	Alignment of key actors' MGI prioritisation			
	Agenda structure			▨
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	

- Issue Sponsorship: Dean (although unsuccessful breakthrough initiatives present a weak issue sponsorship)
- Agenda structure: *altered* by decisions and actions related to strategic issue
- Patterns in features legitimating from the outer context: competition, corporate customer demands, and donors and benefactors

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[350] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

1. b) Patterns in breakthrough initiatives (successful and unsuccessful) related to power mobilisation

Table 27: Patterns in Successful and Unsuccessful Breakthrough initiatives in relation to Power Mobilisation[351]

			PATTERNS
			Breakthrough initiatives (successful - unsuccessful initiatives)
Power mobilisation	Sponsor's L style	Directive	
		Participative	
	Dean's skills and competences	Visionary	▨
		Communication	
		Delivers results	
		Political skills	
		Entrepreneur	▨
		Commitment	▨
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g and a	
		Expertise	
		Reputation	
		Referent	
	Power uses	Articulation	
		Coalition format	
		Rationality	
		Assertiveness	
		Decisiveness	
		Execution	
		Delegation	
		Listen/scanning	
		Consensus-build	

- Dean's skills and competences: vision, entrepreneurship and commitment
- Power sources: position

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[351] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

2. a) Patterns found in successful breakthrough initiatives related to issue legitimisation

Table 28: Patterns in Successful Breakthrough Initiatives in relation to Issue Legitimisation[352]

				PATTERNS
				Successful breakthrough initiatives
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			▨
	Alignment of key actors' MGI prioritisation			▨
	Agenda structure			▨
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	▨
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	

Patterns related to successful breakthrough initiatives in relation to issue legitimisation:

- Issue sponsorship: Dean as main issue sponsor, who intends to broaden the sponsorship through coalition building

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[352] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

- Issue-selling: proactive and intense activity with Faculty, Chairman and members of the Board and key Staff, to articulate and communicate the School's vision with these initiatives.
- Alignment: Dean's proactive environmental scanning, in considering demands and requirements from the outer context and other key actors MGI prioritisation (e.g. Peter Lorange at IMD, Antonio Borges in prioritising research or deepening internationalisation by opening INSEAD's Singapore campus, and George Bain promoting the internationalisation of LBS).
- Agenda Structure: the agenda is shaped and modified by breakthrough initiatives that represent the strategic issue. This requires the above-mentioned strong issue sponsorship, issue-selling and alignment of priorities.
- Corporate customers' demands, competition, and donors and benefactors, as critical features in triggering the legitimisation of the breakthrough initiatives.
- The pattern of performance in the inner context responds indistinctively to two different phenomena: 1) *Weak performance* triggers the need for change (e.g. Peter Lorange at IMD 1993, George Bain at LBS in 1990); 2) *High performance* in support of the risks triggered by the new breakthrough initiatives (e.g. Antonio Borges, 1st and 2nd episodes at INSEAD)

2. b) Patterns related to successful breakthrough initiatives related to power mobilisation

Table 29: Patterns in Successful Breakthrough Initiatives in relation to Power Mobilisation[353]

			PATTERNS
			Successful breakthrough initiatives
Power mobilisation	Sponsor's L style	Directive	▨
		Participative	
	Dean's skills and competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	▨
		Commitment	▨
		Consistency	
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g and a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	▨
		Listening/scanning	▨
		Consensus- build	

In observing the foregoing table, the study identifies the fact that Deans undertaking successful breakthrough initiatives have a *directive* leadership style; skills and competences that enable them to *understand the context* in which the School is embedded, *communicate* their ideas and influence others through their commitment. They accrue power mostly from *personal* sources and carry out specific actions which

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[353] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

aim at *articulating* their *vision*, *delegating* execution and orienting towards achieving results.

3. a) Patterns in unsuccessful breakthrough initiatives in relation to issue legitimisation

Table 30: Patterns in Unsuccessful Breakthrough initiatives in relation to Issue Legitimisation[354]

				PATTERNS
				Unsuccessful breakthrough initiatives
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			▨ (scarce issue-selling)
	Alignment of key actors' MGI prioritisation			▨ (misalignment)
	Agenda structure			▨
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	▨
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	▨
			CU	
			ST	▨
			SY	▨
			P	

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[354] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

Patterns in unsuccessful breakthrough initiatives related to issue legitimisation:

- Little activity towards broadening the sponsorship base.
- Infrequent/weak issue-selling
- Misalignment of key actors' MGI prioritisation
- Agenda structure: difficulty in competing with other initiatives prioritised by other key actors
- Outer context features legitimating: corporate customers' demands, donors and benefactors, competition and economic environment
- Inner context features de-legitimating: climate, structure and systems

3. b) Patterns in unsuccessful breakthrough decisions related to power mobilisation

Table 31: Patterns in Unsuccessful Breakthrough initiatives in relation to Power Mobilisation[355]

			PATTERNS
			Unsuccessful breakthrough initiatives
Power mobilisation	Sponsor's L style	Directive	
		Participative	▨
	Dean's skills and competences	Visionary	▨
		Communication	
		Delivers results	
		Political skills	
		Entrepreneur	▨
		Commitment	▨
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g and a	
		Expertise	
		Reputation	
		Referent	
	Power uses	Articulation	
		Coalition format	
		Rationality	
		Assertiveness	
		Decisiveness	
		Execution	
		Delegation	
		Listen/scanning	
		Consensus- build	▨

Patterns in unsuccessful breakthrough decisions related to power mobilisation:

- Participative sponsor's leadership style
- Dean's skills and competences: Likewise successful breakthrough initiatives, Deans shown to be visionary, entrepreneurial and committed.

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[355] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

- Power sources: position (this pattern has is rather weak). Unsuccessful initiatives seem to be related to weak power sources.
- Power use: consensus-building

4. a) Patterns found in incremental initiatives related to issue legitimisation

Table 32: Patterns in Incremental Initiatives related to Issue Legitimisation[356]

				PATTERNS
				Incremental initiatives
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			▨
	Alignment of key actors' MGI prioritisation			▨
	Agenda structure			
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	
			G	
			C	▨
			L	
			EE	
		Inner Context	CL	▨
			CU	
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	

Patterns in Incremental initiatives related to Issue Legitimisation:

- Issue sponsorship: led by the Dean as a continuity of previous Deanship in the case of INSEAD and LBS and as a particular mandate from the Board in the case of IMD

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[356] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

- Issue-selling: appears with no relevance, as if it were already present on the agenda. In fact, there is no evidence of issue-selling. It is consistent with the fact that those strategic issues did not require any breakthrough decision.
- Clear alignment of key actors' MGI priorities
- Patterns in legitimating features of the outer context: competition and corporate customer demands
- Patterns in legitimating features of the inner context: climate, structure, systems and performance

4. b) Patterns in incremental initiatives related to power mobilisation

Table 33: Patterns in Incremental Initiatives in relation to Power Mobilisation[357]

			PATTERNS
			Incremental initiatives
Power mobilisation	Sponsor's L style	Directive	
		Participative	
	Dean's skills and competences	Visionary	
		Communication	
		Delivers results	▨
		Political skills	
		Entrepreneur	
		Commitment	
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g and a	▨
		Expertise	
		Reputation	
		Referent	▨
	Power uses	Articulation	
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	
		Delegation	
		Listen/scanning	▨
		Consensus- building	▨

Patterns in incremental initiatives related to power mobilisation:

- Dean's skills and competences: delivers results
- Power sources: position, resource generation and allocation and referent

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[357] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

- Power uses: coalition formation, rationality, assertiveness, decisiveness, and listening and scanning

5. a) Patterns in Breakthrough – Incremental Initiatives related to Issue Legitimisation

Table 34: Patterns in Breakthrough - Incremental initiatives in relation to Issue Legitimisation[358]

				PATTERNS
				Breakthrough - Incremental initiatives
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			
	Alignment of key actors' MGI prioritisation			
	Agenda structure			
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	
			G	
			C	▨
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	

Patterns in Breakthrough – Incremental initiatives related to Issue Legitimisation:

- Issue Sponsorship: Dean

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[358] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

- Features Legitimisating in the outer context: Corporate customers' demands and competition

5. b) Patterns in Breakthrough – Incremental Initiatives related to Power Mobilisation

Table 35: Patterns in Breakthrough - Incremental initiatives related to Power Mobilisation[359]

			PATTERNS
			Breakthrough - incremental initiatives
Power mobilisation	Sponsor's L style	Directive	
		Participative	
	Dean's skills and competences	Visionary	
		Communication	
		Delivers results	
		Political skills	
		Entrepreneur	
		Commitment	
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g and a	
		Expertise	
		Reputation	
		Referent	
	Power uses	Articulation	
		Coalition format	
		Rationality	
		Assertiveness	
		Decisiveness	
		Execution	
		Delegation	
		Listen/scanning	
		Consensus-build	

Patterns in Breakthrough - Incremental initiatives related to Power Mobilisation:

- Power sources: Position

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[359] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

6. a) Patterns in successful breakthrough – incremental initiatives related to issue legitimisation

Table 36: Patterns in Successful Breakthrough - Incremental Initiatives in relation to Issue Legitimisation[360]

				PATTERNS
				Successful breakthrough - incremental initiatives
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			
	Alignment of key actors' MGI prioritisation			▨
	Agenda structure			
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	
			G	
			C	▨
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	

Patterns between successful breakthrough and incremental initiatives in relation to issue legitimisation:

- Issue sponsorship: led by the Dean
- Clear alignment of key actors' MGI priorities

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[360] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

- Patterns in legitimating features of the outer context: competition and corporate customers' demands
- Patterns in legitimating features of the inner context: structure, systems and performance

6. b) Patterns in successful breakthrough – incremental initiatives related to power mobilsation

Table 37: Patterns in Successful Breakthrough - Incremental Initiatives in relation to Power Mobilisation[361]

			PATTERNS
			Successful breakthrough - incremental initiatives
Power mobilisation	Sponsor's L style	Directive	
		Participative	
	Dean's skills and competences	Visionary	
		Communication	
		Delivers results	▨
		Political skills	
		Entrepreneur	
		Commitment	
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g and a	▨
		Expertise	
		Reputation	
		Referent	▨
	Power uses	Articulation	
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	
		Delegation	
		Listen/scanning	▨
		Consensus-build	

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[361] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

Patterns in Successful Breakthrough – incremental initiatives related to power mobilisation:

- Dean's skills and competences: deliver results
- Power sources: position, resource generation and allocation, and referent
- Power uses: coalition formation, rationality, assertiveness, decisiveness, and listening and scanning

7. a) Patterns in unsuccessful breakthrough – incremental initiatives related to issue legitimisation

Table 38: Patterns in Unsuccessful Breakthrough - Incremental Initiatives related to Issue Legitimisation[362]

				PATTERNS
				Unsuccessful breakthrough - incremental initiatives
Issue legitimisation	Issue sponsorship			▨
	Issue-selling			
	Alignment of key actors' MGI prioritisation			
	Agenda structure			
	Features legitimating	Outer Context	CCD	▨
			A	
			DB	
			G	
			C	▨
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	
	Features delegitimating	Outer Context	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		Inner Context	CL	
			CU	
			ST	
			SY	
			P	

- Issue Sponsorship: led by the Dean (although in unsuccessful breakthrough initiatives sponsorship seems rather weak)
- Legitimating features of the outer context: corporate customers' demands and competition

7. b) Patterns in unsuccessful breakthrough – incremental initiatives

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[362] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

Table 39: Patterns in Unsuccessful Breakthrough - Incremental Initiatives in relation to Power Mobilisation[363]

			PATTERNS
			Unsuccessful breakthrough - incremental initiatives
Power mobilisation	Sponsor's L style	Directive	
		Participative	
	Dean's skills and competences	Visionary	
		Communication	
		Delivers results	
		Political skills	
		Entrepreneur	
		Commitment	
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g and a	
		Expertise	
		Reputation	
		Referent	
	Power uses	Articulation	
		Coalition format	
		Rationality	
		Assertiveness	
		Decisiveness	
		Execution	
		Delegation	
		Listen/scanning	
		Consensus-build	

Patterns in unsuccessful breakthrough – incremental initiatives related to power mobilisation:

- Power sources: position

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[363] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

4. 2. Findings

In observing and analysing how strategic leadership works as a process in Business Schools, the study aimed to understand and describe strategic leadership as an organisational process, with its own dynamics, interrelations, and interconnections between different Key Actors and features of both inner and outer contexts, with their respective characterisation.

Thus, this research does not pursue to understand and describe the strategic leadership phenomenon itself, in isolation, but rather as an organisational process in Business Schools (leadership of organisations instead of in organisations). This particular perspective of strategic leadership as a process in organisational settings makes a difference in the literature connecting the leadership and strategy fields, giving answers to scholars' claims of putting people back into strategy formulation and implementation (e.g. Hambrick & Finkelstein, 1989).

In this regard, three research questions were chosen to put focus on the observation and analysis of the key actors and features with their own characterisation, and also to understand how they influence and interact among each other, from a political perspective.

As it was already mentioned, the political approach unveils how different interests of key actors interplay and compete in gaining space in the strategic agenda over time. Moreover, competition of interests enables the observation of how *power* works as a 'force' to *influence decisions* and actions in building and executing the strategic agenda, over time (power mobilisation). Additionally, the political approach reveals 'issue legitimisation' and/or 'delegitimisation' according to key actors' perceptions and priorities, and characteristics of features of both outer and inner contexts.

Thus, the political approach of strategic leadership as an organisation process reveals *issue legitimisation* and *power mobilisation* as two main drivers so that issues are *furthered* or *hindered* in the strategic agenda.

As follows, findings are presented in relation to the three research questions:

1. Who are the key actors? How do they interplay in influencing strategic agenda building & executing?

Evidence based upon the three European Schools included in the study, shows the Dean, Faculty, and Board as the most powerful actors in shaping the organisational strategic agenda.

Moreover, the political perspective shed light to the set of interests of each of these three key actors. The data collected during the period 1990-2004 suggests that each of the three key players in each school and across the three schools, have a same set of interests inherent to the role, and independent to the person who exercises the role. These have been called main generic interests (MGI). In this regard, the study found as the Board's MGI: School's *governance, performance*, and *reputation*; Deans' MGI: *Faculty & Board support, strategic agenda -building & -executing*, and *performance*; finally, Faculty's MGI: *Faculty work systems & compensation, academic career,* and *collegial participation in key decisions.*

Another finding constitutes the fact that prioritisation of those interests varies over time according to key actors' preferences, style and background, and features from both contexts: inner *(performance, culture, climate, systems, and structure)* and outer *(competition and rankings, corporate customers' demands, economic environment, and donors and benefactors).*

Thus far, three findings regarding the three European Schools under study were presented: who the key actors are, their MGI over time, their different prioritisation of those MGI over time. As follows, regarding the interplay among the three key actors, the empirical study demonstrates the importance for the Dean as the 'natural sponsor' of the strategic agenda to display an effective *environmental scanning* over *prioritisation of interests* of the other key actors and signals from critical features of both contexts. Accordingly, priorities of different key actors must be considered and channelled in order to legitimate the raise of different issue to the agenda. Moreover, to enable alignment of key actors' priorities a proactive *issue selling* must be displayed by the Dean or issue sponsor to facilitate the issue legitimisation.

Finally, for a more successful interplay in influencing strategic agenda-building & -executing, the field study shows it is relevant to consider whether initiatives represent a *breakthrough* (they imply a new direction) or *incremental* (they follow other initiatives already set) decision regarding the strategic direction already set for the School. In this regard, in the case of breakthrough initiatives, the identification and channel of others' MGI priorities, and an intense and effective issue selling were critical in exerting influence to shape agenda-building & -executing.

2. What are the main features of the inner and outer contexts that influence the School's strategic agenda-building & -executing over time, and how do they influence?

In these three European Schools, features of the outer context that influenced most are: *competition (rankings), corporate customers' demands,* and *donors and benefactors*. With regards to the inner context, the features that mostly influenced were *performance, climate,* and *culture*. It seems relevant to mention that performance represents a critical influence in the three Schools.

As for the external features, competition, with the influence of rankings represents a *relevant message* for the School's key actors to introduce breakthrough initiatives to the agenda, when it is needed.

For the Dean to gain support and exert power, performance and the capacity to deliver results, probably represents the most fundamental feature in achieving credibility. This was clearly seen at IMD, with the difficulties during Juan Rada's tenure, where weak performance resulted determinant for his departure. On the contrary, Xavier Gilbert's short interim deanship, in clearly matching Board's expectation of performance, resulted in strengthening his own credibility. As for Peter Lorange, from the beginning of his deanship, he exerted a priority focus not only on superior performance both in terms of economics and financial situation over his deanship, but also in terms of School reputation in the international market place.

As for INSEAD, Antonio Borges determination to go forward in shifting the School's profile towards a more research oriented according to US standards, and later on, to open a second campus in Singapore, was supported by his ability to strengthen the financial and economic model of INSEAD through a successful capital campaign.

In the case of LBS, George Bain's main collaborator Gerry Quincey became crucial through his ability to reinforce the School's finances. As for John Quelch, his purpose to deepen LBS's internationalisation and its academic transformation towards the US model, expanding the School's portfolio programmes dramatically increasing pricing and revenues, was critical.

On the contrary, weak performance represented an opportunity to introduce dramatically changes. In this study, that was the case of IMD creation, as a result of the IMI and IMEDE merger, and to some extent, the situation that enabled George Bain to introduce breakthrough initiatives in a conservative culture at LBS.

With regard to *culture*, the field study shows it represents either an enabler or an obstacle, in introducing breakthrough initiatives to the agenda. This was the case of Antonio Borges at INSEAD. The School's entrepreneurial spirit enabled him to foster the launch of the second campus in Singapore.

3. How do key actors mobilise (build & use) power in order to influence strategic agenda-building & executing over time, and how do they influence?

The political perspective introduces *issue legitimisation* and *power mobilisation* as two central activities in determining what issues will prevail and be included in the agenda.

With regard to issue legitimisation, the contextual perspective of this study allowed us to observe who promotes or opposes to some issues, why the issue is finally accepted, rejected or blocked. In this sense, the study identified as critical topics for issue legitimisation, the following: firstly, a proactive and effective environmental scanning from both inner and outer contexts and issue selling to the other key constituencies. In doing this, with regard to features of the inner context, a critical influence represents the awareness of other key actors' priorities of MGI. That was a clear failure of Juan Rada, being much focused on the long-term shape of IMD's profile and strategy while the Board members were clearly prioritising balancing the numbers-performance, in the short-term.

Secondly, issue sponsorship, which underlines the importance of an active coalition building in order both, to reinforce the number of relevant sponsors for the issue, and to avoid over exposition of the original one. A clear example of this was Antonio Borges and the way he managed the Singapore initiative building coalitions at Board level with the Chairman, and at Faculty level, with those who were more familiar to the Asia market.

Thirdly, agenda structure due to the limitation of resources and the need to avoid dispersion in going forward with breakthrough initiatives. An example is Gabriel Hawawini's unsuccessful intent to raise the US campus to the School's agenda.

Fourthly, issue selling. Introducing a new initiative and even more, if it represents a breakthrough in the School's strategic direction, requires a proactive and effective activity of selling issue benefits and possible contribution to the School's current situation. A positive example of this activity at INSEAD was Antonio Borges in launching the Singapore campus arguing against possible 'dispersion effect' this initiative would bring to the School. Moreover, although this was a clear case of breakthrough initiative, he was quite effective in communicating this new challenge as part of an 'evolving strategy' for INSEAD to remain as a leading Business School in internationalisation. On the contrary, Gabriel Hawawini underestimated the need to spend time in building coalitions and selling the idea of a third campus in US. That was critical for this initiative to be rejected. At IMD, during Peter Lorange's deanship, his active and intense communication and marketing represented an important asset in gaining support and credibility.

Finally, with regard to features of the inner context influencing issue legitimisation, performance in terms of delivering results, financial strength, and School's positioning, represents a sinequanon condition in the three cases over time, for the Dean to be credible and get support from the other constituencies. On the contrary, the study revealed that low performance (i.e. lack of results, fragile financial shape, or weak positioning) was a determinant for the Dean's failure.

As for features of the outer context, firstly, *competition* including *rankings* information was the most critical. A clear example represents the legitimisation within LBS recognition of the need to change due to the evidence showed by Fortune magazine of INSEAD's advantage within the European market. Another example was LBS's and INSEAD enormous and persistent in shaping their Faculty and profile in order to compete with the top league US Schools regarding their research skills and capabilities.

Secondly, corporate customers' demands. Over the last decades, the more intensive competition and fragmented market in the Business School industry raised the importance of the critical role of matching corporate customers' demands and needs. An example is IMD through its main strategy represents a unique example. On the other hand, INSEAD and LBS, while having excellent reputation in this regard, they are constantly searching ways to improve their already excellent standards, and show some degree of concern about IMD's unprecedented success in this matter.

Finally, *donors and benefactors,* represent not only the external contribution for School's development, but also recognition from the market and society of the value of the School's initiative.

With regard to power mobilisation, the study identified a number of critical topics. Firstly, *Dean's leadership style* whether directive[364] or participative[365]

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[364] Bass (1990) defines directive leadership style as follows:

- Leader plays the *active role* in problem-solving and decision-making.
- Leader expects group members to be guided by his/her decisions.
- Leader can try to use *persuasion, reason* and *logic.*
- Leader can *assert* an *expectation* or need and offer *rewards* or exert *pressure* to gain acceptance.

represents a substantial difference for him/her to succeed in raising breakthrough initiatives to the agenda and executing them. Secondly, with regard to *Dean's competences and skills*, the mobilisation of power is more effective when visionary, selling, coalition building, communication, delivering results, entrepreneurship, and commitment, are present.

Thirdly, although *position* (*structural* source of power) as Dean or President represents a first step to influence and shape strategic agenda –building, however, the field study shows *personal* sources of power as conditionants to succeed in both introducing breakthrough initiatives to the agenda and executing them. Among these personal sources of power, delivering results, expertise, resource generation, reputation, and consistency are considered among the most relevant. Finally, *uses of power* demonstrate a critical role in mobilising power. Among these, coalition formation, articulation and communication of the vision, rationality, assertiveness, decisiveness, listening and scanning, execution, and delegation are the most relevant.

Examples on the above findings are Antonio Borges at INSEAD regarding his successful endeavour to reinforce and deepen the School's research profile and activities, as well as the decision to launch a second campus in Singapore. Another clear example is Peter Lorange as for his unparallel turnover and positioning of IMD.

- Leader can generate charismatic *identification* to motivate and build commitment.
- Leader can try partial disengagement by backing away from time-consuming issues with a lower priority and by concentrating colleagues' attention on more important issues.

[365] Bass (1990) defines participative leadership style as follows:
- Is cooperative & democratic.
- Involves others in decision-making process.
- Draws people out, listening actively and carefully, and gaining acceptance

And finally, comparable examples can be observed regarding George Bain and John Quelch at LBS.

Finally, from the analysis of *differences* and *similarities* throughout the comparative cross-case analysis, a number of *patterns emerge*. To make the findings more explicit, the study has organised them as *conditionants* and *enablers*. With regards to *conditionants*, their importance relies on the fact that the *success of the initiatives depends* on their *presence* and how they are enacted – i.e. they are a necessary condition but not a sufficient one. Likewise, *enablers* are elements that *promote* or *facilitate* the success of an initiative.

We see next how the study highlights the *conditionants* and *enablers* of successful breakthrough initiatives by comparing them with breakthrough unsuccessful initiatives. It is relevant to note here that only breakthrough successful initiatives were observed in this regard, since no unsuccessful or blocked incremental initiatives were found in any of the three Business Schools under study (this is a limitation of the study). However, the study has also identified enablers in comparing breakthrough successful with incremental initiatives.

Conditionants for breakthrough successful initiatives regarding issue legitimisation:

i. Intensive and proactive issue-selling.
ii. Critical activity in understanding and aligning priorities of other key actors' MGI.

iii. Performance. It sometimes appears as a weak feature and thus, reinforces any trend towards change or otherwise. It appears as a strong feature legitimating the feasibility of initiative (e.g. deepening research strategy regarding the capital campaign).

Conditionants for breakthrough successful initiatives regarding power mobilisation:

i. Directive leadership style

ii. Dean's skills and competence based on his or her capacity to scan the environment both internally and externally, listening in order to enrich his or her own perspective and understanding of the context; political skills to build coalitions, articulating and communicating the vision and its relation with the specific initiative he is promoting to the strategic agenda; the capacity to integrate short-term with long-term interests and individual with institutional interests; the capacity to deliver results mostly through delegation; and the capacity to stand and make the case: to present the initiative and the analysis on which it was based with decisiveness, assertiveness and rationality.

iii. Power sources, both structural and personal. Position, reward and resource generation and allocation with regard to the structural sources of power and referent, expertise and reputation regarding the personal sources of power.

iv. Power uses: articulating the vision, building coalitions, rationality, assertiveness, decisiveness, execution, delegation and environmental scanning.

Enablers for breakthrough successful initiatives regarding issue legitimisation:

i. Issue sponsorship – need of a clear sponsor, an organisational key actor. In all cases, the Dean.
ii. Agenda structure regarding two main aspects: firstly, the number of issues already in progress within the agenda; secondly, the *logic and sequencing* among those issues in relation to the broad strategic agenda.

With regard to the characterisation of features of the outer context that legitimate such initiatives, the study cannot conclude whether corporate customers' demands, donors and benefactors and competition are conditionants or enablers although they are present in all successful breakthrough initiatives.

Enablers for breakthrough successful initiatives regarding power mobilisation:

i. Dean's skills and competences – entrepreneurship and commitment
ii. Power sources – position, reputation and rationality

Enablers for incremental initiatives regarding issue legitimisation:

i. Issue sponsorship – the Dean in all cases
ii. Issue-selling
iii. Alignment of key actors' MGI prioritisation
iv. Characterisation of features of the outer context that legitimate incremental initiatives – corporate customers' demands and competition

v. Characterisation of features of the inner context that legitimate incremental initiatives – climate, structure, systems and performance

Enablers for incremental initiatives regarding power mobilisation:

i. Dean's skills and competences—delivers results

ii. Power sources—position, resource generation and allocation, and referent

iii. Power uses—coalition formation, rationality, assertiveness, decisiveness, and listening and scanning

To sum up, besides the relevance of each of the different research findings already addressed, perhaps the most valuable contribution of this study refers to the *interweaving* revealed among different people and features that influence the strategic leadership with a processual dynamic unveiling their interconnections and interrelations. In this way, the study observed strategic leadership process with a political approach, from an organisational perspective: leadership *of* organisations.

Chapter IX: CONCLUSIONS

The main purpose of this research has been to contribute to the literature with regard to Leadership. While this area of management has been widely studied over the last century, the leadership phenomenon, as has already been explained before has mostly been approached within the literature in a relatively disconnected manner with regard to the organizational setting in which it was enacted. The not inconsiderable interest awakened by leadership issues, both within the psychological and sociological fields, is probably one of the reasons for this gap. Thus, although a multitude of studies on leadership and the evolution of this literature over time have already been described in this study, research on *Leadership embedded in organizational settings* remains relatively scarce.

Moreover, the study of Strategic Leadership as a process in organizational settings from a political perspective represents an opportunity to provide answer to researchers' claim with regard to the strategy process. In effect, academics assert that "strategy process is not an individualistic process, but a collective one. Thus, the *political interplay* of individual and collective interests has to be examined in order to better understand strategy (Chakravarthy *et al.*, 2003).

As a result, in trying to provide answers to these claims, this thesis has studied Strategic Leadership as a process (SLP) -strategic agenda-building and –executing- in Business Schools, over time, from a political perspective. The study is set within the European context from 1990 to 2004, when a combination of geo-political, social, economic and technological change triggered huge transformation in the management education industry worldwide, leading to an increase in competition and fragmentation in this sector worldwide.

Three top European and world-class private Business Schools (IMD, INSEAD and London Business School) were studied and analyzed with longitudinal data to explore how the SLP operates in each Business School and across the three over time, from a political perspective.

In order to observe the dynamics and interrelations among key elements influencing the strategic agenda-building and -executing (SLP), this same strategic issue was considered as a *vehicle* to identify patterns in becoming a top international Business School.

This political approach raises a number of important issues regarding the influence of context and process in building and executing the strategic agenda over time in the three Business Schools. Recognising this gap in the literature leads to the following research questions:

1. Who are the key actors? How do they interplay in influencing the process of shaping and executing the strategic agenda, and putting forward their interests?

2. What are the main features of the inner and outer contexts that influence the School's strategic agenda-building and -executing over time; and what influence do they have?

3. How do key actors mobilise (build and use) power in order to influence strategic agenda-building and -executing over time, according to their prioritisation of their interests?

In this final chapter, the study returns to these research questions and draws together the results of the case study analysis. It discusses the contributions this research has made to the study of strategic leadership as a process in context, from a political perspective. It is also hoped that it will be shown to have made a significant contribution to the study of Business Schools and how they can tackle their main strategic challenges in the current and future competitive scenario. Finally, it describes the limitations the study has faced, and suggests recommendations for further research.

1. Overview of the thesis

In Chapters I and II, this study looked at claims made in the previous literature in support of the idea of leadership as *embedded* in an organisational and environmental context. It also addressed scholars' interest in *linking* leadership and strategy fields, in order to understand the *impact* of the leadership phenomenon in strategy-making and executing. Scholars have mostly approached this topic as a means of dealing with leadership *in* organisations, rather than leadership *of* organisations.

Moreover, the study has also stressed the limited attention that scholars have paid to the processual approach to the study of leadership. Most of the studies on strategic leadership concentrate on the content (what leaders do) or on the types of policies and strategies that lead to effective organisational performance.

The study has also remarked on the critical role of Business Schools within management education in knowledge-based society in the later years of the last century. Given the challenges of the 21st century, there is now an even more significant need for Business Schools to set a clear strategic agenda to allocate scarce resources (Faculty, research and infrastructure) in an increasingly competitive and fragmented management education industry.

Finally, in Chapter II, the study recognised the contribution of the *political approach* to the study of strategic leadership in an organisational context, where *power* tends to be *shared* and diffused among multiple stakeholders and *dual authority* is a fact, given both academic and administrative realities. A political approach enables one to visualise the different *interests* and *demands* that arise and compete for organisational attention and resources.

The advantage of focusing the study on the SLP in Business Schools led the author to employ a contextual approach by focusing on *multiple levels* of analysis which required the use of multiple research methods, a topic addressed in Chapter III. However, it should be pointed out that even though the study has tackled the wider issues of the European context and the management education industry at large, the focus remains at the firm level of analysis.

Chapter IV addressed the Business School industry and its competitive landscape, which is affected by various trends: firstly, the need to manage the tension between business relevance and academic rigour; secondly, the need for customisation because of increasing competition and corporate demand; thirdly, the obligation to cope with globalisation; fourthly, the need to adapt the Business School economic model both to retrenchment in public funding and to the requirement to increase income, through tuition fees, but also by building up endowments to support medium- and long-term development of the Business School; and finally, the challenges of distance learning, which is being propelled by the revolution in information technology and by ever-increasing globalisation.

Chapters V, VI and VII presented a case study and analysis for each of the three Business Schools. They described the chronological history of the School, as divided into *episodes* that reflect the different *initiatives* that emerged over time, as part of the aim of *becoming a top international Business School in the management education industry*.

The analysis has shed light on how the SLP operated over time in terms of *who* the key actors were and their *characterisation*, *how* they interplayed, *what* their main generic interests (MGI) were and *how* and *why* they prioritised those interests, over time. Moreover, it has conveyed what the key features of the inner and outer contexts were, and *how* they influenced the SLP, over time.

The research has also analysed, in each case study, *how* those issues were *legitimated* by features of both outer and inner contexts, the alignment of key actors' prioritisation of MGI, and issue-selling. Finally, the analysis focused on how key actors *mobilised power* to add some issues to the strategic agenda, according to their prioritisation.

Chapter VIII refers to critical findings related to each of the three research questions. It addresses the comparative cross-case analysis that enabled the identification of differences and similarities in each School and across the three over time, and thus allowed the establishment of *patterns*.

2. Gaps and Claims in both theoretical and methodological literature

This study aims to help fill *gaps* and provide an answer to *claims* from both the theoretical and methodological literature related to the study of leadership in Business Schools.

A list of these gaps and claims are presented as follows:

2. 1. There is a scarcity of studies on leadership in organisational settings (Hunt & Dodge, 2001). Most of the (abundant) literature on this subject approaches leadership as 'a phenomenon in itself', without relating it to the specific *context* in which it is enacted – indeed, it views it as if it were acted out in a *vacuum*.

2. 2. There are only limited studies on leadership as a *process* (processual perspective) in organisational settings. Most studies have considered leadership as if it

were a *static* picture, rather than a *dynamic interaction* among different constituencies, over time (House & Aditya, 1997).

2. 3. Scholars claim for studies that *link* the leadership and strategy fields, in order to understand how leadership and strategy interplay within organisations (Hambrick & Finkelstein, 1989).

2. 4. There is a lack of studies on strategic leadership using a *holistic* approach (Pettigrew, 1985, 1987, 1990, 2001), not only studies on the person of the leader or TMT, but also on the whole *set of people* who influence strategic agenda-building and -executing, over time (Denis et al., 2001, 1996; Bryman, 2001, 1992; House & Aditya, 1997; Hunt, 1991).

2. 5. There are not enough studies on leadership from a political perspective (Ammeter et al., 2002) where power and influence shape the interplay between multiple *interests* and *conflicts* drawn from *scant* resources and constraints imposed by agenda size and structure. Moreover, the study of leadership from a political viewpoint facilitates the understanding of organisations where power tends to be *shared* among different key actors (Chaffee, 1983).

2. 6. There is a claim for the need for more research on strategic leadership in Business Schools, because of their influential role in the current and future landscape of business and management development (Lorange, 2002).

2. 7. Researchers are interested in finding an answer to multiple strategic challenges that Business Schools face as a result of the increasing competition and fragmentation of the management education industry (Thomas, 2007).

2. 8. There is a particular keenness to understand the leadership phenomenon in Business Schools as these are institutions at the *interface* between the academic and

business worlds, with their own tension between business relevance and academic rigour.

3. Findings and contributions with particular impact on the Dean's job

To sum up, the *contextual* analysis of the SLP from a political perspective, in Business Schools, allows the study to arrive at the following conclusions:

1. The Dean is the main key actor in the SLP, because of his/her critical role in building and executing the strategic agenda, as one of his/her MGI.
2. For the Dean to succeed in pursuing the task of building and executing the strategic agenda, two other conditions should be factored in: firstly, the position of Dean represents a limited source of power that requires reinforcement by *real* and *effective* Faculty and Board support. Secondly, this support will only evolve favourably if the Dean is able to deliver early and positive results in terms of economics and market positioning.
3. Strengthening the Dean's power base is a result of gaining personal credibility and reputation in dealing not only with performance but also with his or her own capacity to integrate short and long-term objectives, and articulate and communicate these in a comprehensive and effect way to the key constituencies, for instance, the Faculty Board,.
4. The Dean's capacity to *scan* and *understand the external 'voice', signals and trends* (corporate customers, management education industry and

donors and benefactors), and bring them to the School's Faculty and key staff, is a critical precondition for effective direction-setting.

5. In raising strategic issues that represent a breakthrough initiative for the School's direction, some activities are critical: an active issue selling through coalition-building at both Board and Faculty levels (and other key constituencies), and consistent data to support rational argumentation.
6. Finally, it is crucial to articulate and communicate the initiative as a logical evolution within the broader picture of the School's strategic direction (e.g. Antonio Borges introducing the second campus initiative as a natural drive within globalisation trends given INSEAD's positioning as a leading international School).

With regard to the three Business Schools included in this study, their remarkable success over time represents a direct consequence of their capacity to identify and *anticipate market trends*, responding to them with adequate *academic* and *economic models*. In other words, an effective *SLP,* over time, consists of the ability to set strategic *priorities aligned with the academic and economic model.*

4. Comments on Leadership

The relevance of the leadership phenomenon with the management fields is widely acknowledged. The study of leadership has, indeed, been approached with a range of considerations in mind: the person of the leader, and his/her traits and skills;

the leader's behaviour; his/her enactment in a particular situation; the relationship between leaders and followers; charismatic leadership; different characters of transformational and transactional leadership; shared/joint leadership with a broader and more integrative perspective. Strategic leadership as a process in organisational settings represents an avenue for further exploration in order to deepen the understanding of strategic formulation and implementation.

Finally, the political perspective facilitates a consideration of the interplay among people's interests. The fact that the political approach to the study of leadership has sometimes been considered as 'dark' needs to be overcome. In effect, the fact that leadership is understood as a *social influence process, power and influence* represent a central issue in studying leadership.

The field study enables one to recognise that power essentially accrues on *personal sources* such as the following: the capacity to shape, communicate and articulate a vision; the delivery of results; listening to others; the integration of different people; the location of common ground among them; the integration of goals for the long and short-term; the building of confident relationships; consistency; commitment; integrity; political skills in coalition building; resource generation, etc.

Particularly, in organisational settings where power tends to be shared and collegiality and dual authority challenge *formal authority*, the understanding of leadership and power, with their possibilities and limitations, represent a relevant issue for further research.

5. Limitations of the study

5. 1. The conclusions to this study relate solely to the specific case study examples, which involve, in essence, three high status, high quality private Schools during the period 1990-2004: IMD, INSEAD, and LBS. Although the choice of these three Schools with their own similarities was deliberate, in order to set boundaries for the study, future research may well include a case study of a high quality European public school to establish a meaningful point of contrast. This would enable an understanding of the SLP to be gained within a more regulated environment, such as that of the public sector, and identify differences between Schools which are more dependent on University governance, and embedded within a more bureaucratic context.

5. 2. As in every study, the perspective chosen enables both researcher and reader to better understand the phenomenon under study. At the same time, by its very nature, it represents limitations. Thus, the political analysis of the SLP in Business Schools, over time, depends on the particular *lens* that has been selected: here, one with a political focus. Even though choosing this perspective has facilitated the observation of power and influence, interests and demands, coalitions, goals and objectives, bargaining processes and conflict – among other things – the rational aspect of decisions, actions and events could not readily be identified.

5. 3. In looking at the research method chosen for this study, even though the multiple case study method augments external *validity* and helps guard against observer bias (Yin, 1984), there must be questions as to the extent to which findings

are applicable to other contexts, especially those whose organisational characteristics differ from those of Business Schools.

5. 4. As for the operationalisation of the SLP, the selection of categories to identify the SLP may have constrained the analysis. In this regard, strategic agenda-building and executing have been chosen, since they suit the political perspective better.

If we now consider the particular sets of indicators chosen to analyse issue legitimisation and power mobilisation, and outer and inner contexts, these may also have limited the research findings. For example, performance issues have been avoided, limiting the issues to positioning and economic outcomes.

5. 5. The period in which the SLP was observed, 1990–2004, and the temporal bracketing employed (episodes corresponding to the different Deanships in which each School was divided) constrained the study to some extent. However, given that IMD was founded in 1990, this period was deliberately chosen in order to carry out a better comparison across the three Business Schools over time.

5. 6. Quantitative analysis would have enhanced the study. Although this type of analysis was also carried out to augment validity, the study acknowledges that the use of the questionnaires would have improved the data, since semi-structured interviews sometimes present questions which might not fit or that cannot be answered with the depth the research needs for further analysis.

A qualitative approach was chosen for the study, since where processual analysis is carried out, interconnections, dynamics and interrelations, can be better explained.

6. Future research

Future research is likely to centre around the following areas: firstly, although this study makes a special contribution to its field of interest by linking leadership and strategy, there is a clear space for more research, to better understand how these two disciplines interact with, and complement each other. Otherwise, strategy appears to be disconnected from the *human* side of strategy-making and executing.

Moreover, the study of *strategic leadership* as a *process* in *context* will allow a *deeper* and more *grounded* understanding of the leadership phenomenon, focusing not merely on the person of the leader or TMT, but on a *whole set of people* who influence strategic agenda-building and execution. We may sum up by saying that a processual and contextual approach enables us to understand people's individual and collective actions, the *interplay* and *interconnections* between them, and the dynamics between them over time: the who, what, why, when and where can thus be observed and described.

Secondly, study of leadership is hitherto lacking in a sense of organisation impact. In other words, more studies on *strategic leadership* are needed to better understand how leadership interacts and influences strategy formulation and implementation within specific settings. Although the leadership field is continually evolving and shared leadership has become a key contribution for a more holistic and comprehensive understanding of the leadership phenomenon in organisations, there is still a long way to go in studying leadership *embedded* in different organisational features. This represents an opportunity to observe the leadership phenomenon not only from psychological or sociological perspectives, but also from the perspective of organisational theory. In this regard, a strategic leadership perspective, with its associated processual and contextual approaches, seems to be a valuable path for further exploration.

Thirdly, there is still a long way to go in the study of leadership from a political perspective where power and influence play a central role. Future research opportunities include the study of the strategic leadership process from a political perspective, given the nature of the leadership phenomenon as a *social influence process*. Thus, a political approach to the study of leadership facilitates the observation, description and analysis of the *interplay* of actors with different *interests* and degrees of *power*, the better to influence those people who promote specific issues and raise them to the strategic agenda, as well as execute any resolutions to such issues. .

Fourthly, further research would include polar types: not only Schools with similar contexts but also studies on strategic leadership as a process in high quality European public Business Schools as a meaningful and informative point of contrast. A positive step forward in this direction would be to include some other Schools.

Finally, the author would like to offer some suggestions for further research on the SLP in Business Schools. Given the critical role that these institutions play in influencing business practice, more research could be done to improve and professionalise their leadership and governance. As Peter Lorange (2005), Gabriel Hawawini (2005) and Howard Thomas (2007) assert in two issues of the *Journal of Management Development,* more than ever before, these critical challenges are compelling Business Schools to have a *clear strategic focus*, select the most appropriate strategy and execute it flawlessly. In the face of such significant demands, improving the understanding of the *strategic leadership process* in Business Schools is a top priority in making a positive impact, not only on education for management, but also on society as a whole.

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STRATEGIC LEADERSHIP PROCESS IN BUSINESS SCHOOLS

A Political Perspective

by

Fernando Fragueiro

A thesis submitted in partial fulfilment of the requirements for the degree of

Doctor of Philosophy in Management

University of Warwick, Warwick Business School

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Volume 2

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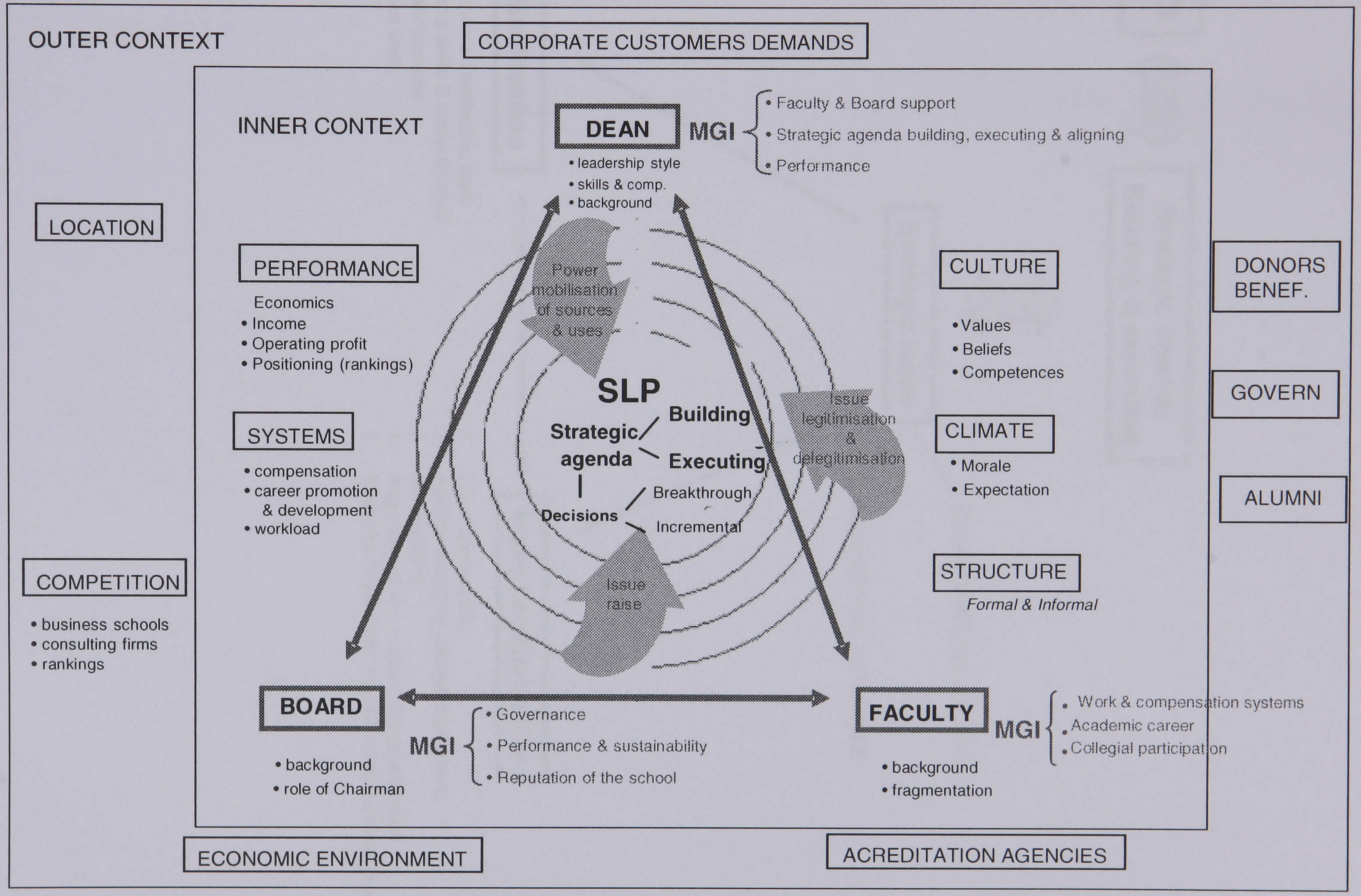

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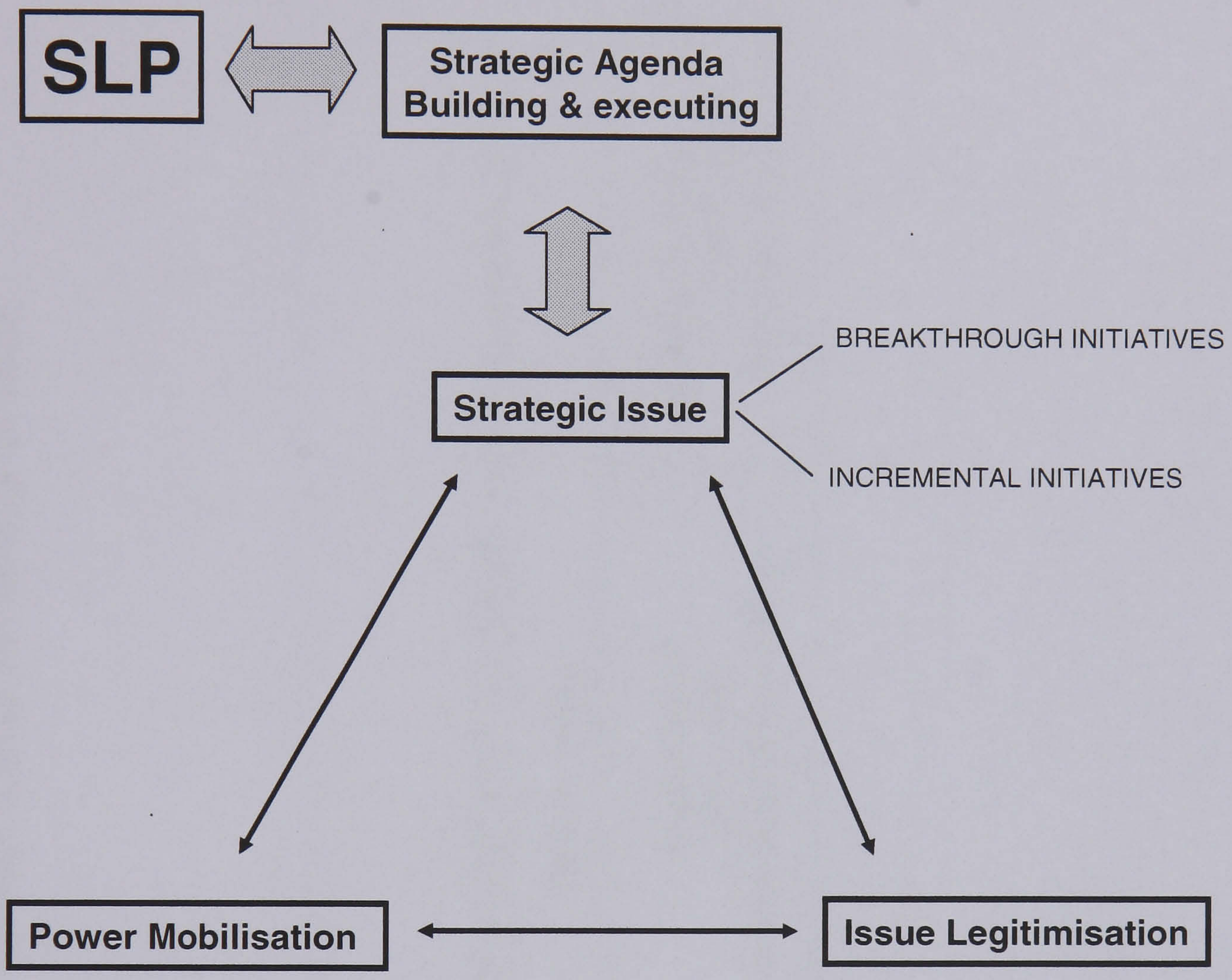

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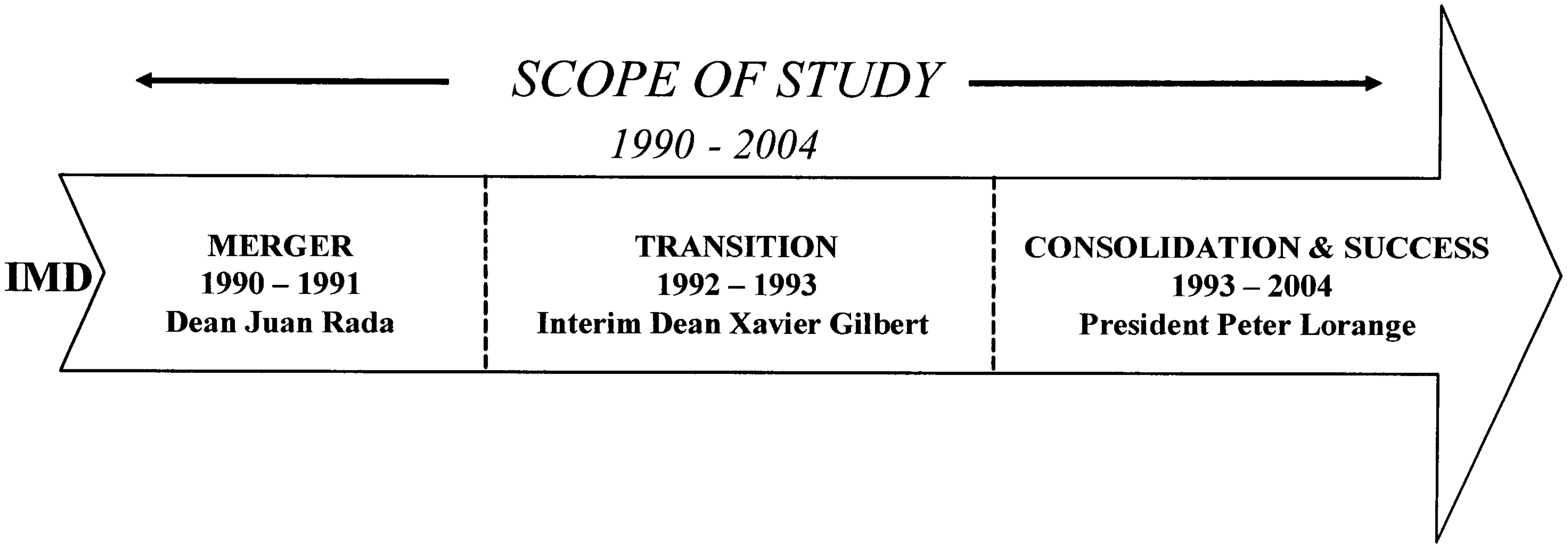
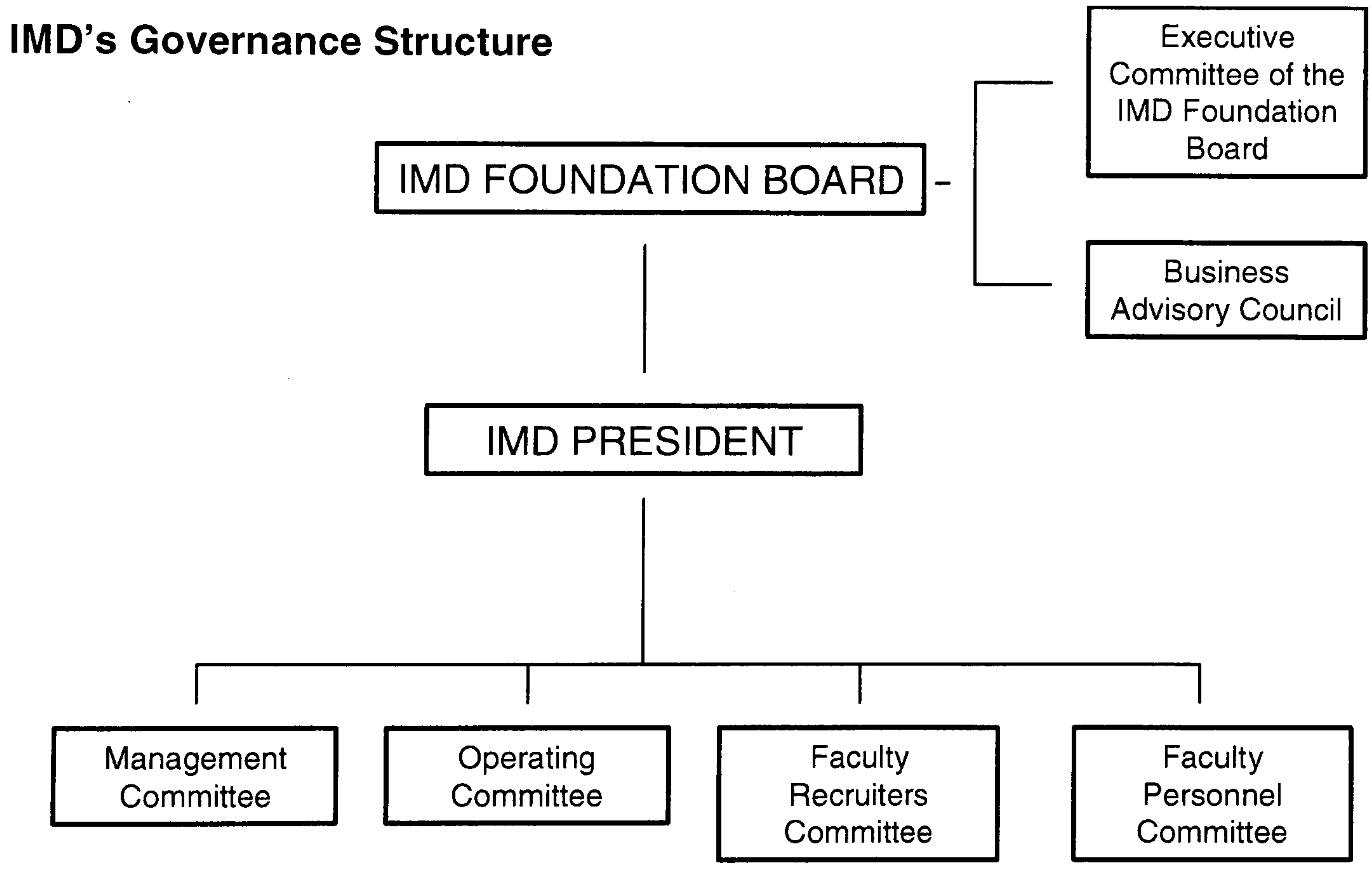


IMD Appendix II. IMD's Governance Structure

IMD presents seven Boards and committees that comprise the review and decision-making bodies of IMD.[1] The following Figure 27 shows IMD's governance structure. There are seven committees: the IMD Foundation Board, the Executive Committee of the IMD Foundation Board, the Business Advisory Council, the IMD President, the Management Committee, the Operating Committee, the Faculty Recruiters Committee, and the Faculty Personnel Committee.

Figure 27: IMD's Governance Structure



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[1] EQUIS II 2002 IMD Self-Assessment Report – Archival Material.

The **IMD Foundation Board** of 50 executives elected from leading client firms approves the Annual Report and Annual Budget as well as the policies and strategies of IMD; it also appoints the Auditors, the Foundation Board members, the members of the Executive Committee and the President of IMD. The Board meets once a year for a day-and-a-half. A Faculty representative sits on the Board and the President of IMD is also an ex-officio member.

The **Executive Committee of the Foundation Board** consists of nine members elected from the Foundation Board and includes the President ex officio. The Executive Committee meets twice per year and is responsible for ensuring the financial health of IMD together with the President and the Director of Finance. The Chairman has informal and sporadic meetings with the Dean.

Thus, the Executive Committee focuses on strategy, agreement with this strategy and then the resources and skills required to implement the strategy; the intellectual capital needed to carry out this strategy successfully and compensation issues.[2]

"Once the strategic direction has been established and agreed upon, then it becomes the executive committee's responsibility to ensure that implementation is effective, or in the event that changes are needed, those changes are discussed and agreed to and then implemented." [3]

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[2] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.
[3] Vito H. Baumgartner, former Chairman of the IMD Foundation Board.

The **Business Advisory Council** consists of senior strategy/HR executives, representing the 170 companies in the IMD Learning Network. The Business Advisory Council assists the School with viewpoints regarding the direction of value-creating activities for clients, such as advice on new program initiatives, discussions about corporate universities and the role of Business Schools, and other key trends. The Business Advisory Council meets semi-annually, for a half-day interactive discussion session. This half a day backs on a one-day learning event on challenges facing HR executives with strategic responsibility. The Business Advisory Council, plus the one-day learning event, provides an excellent network of peers for the members themselves.

The **Management Committee** consists of the President, four Faculty and two senior Staff. Each Faculty has responsibility for one of the following strategic issues: Faculty planning and workload, public and partnership program, portfolio planning and quality, MBA program management, research and development. The senior Staff is responsible for administration, finance and human resources management for Staff members. This Management Committee serves in many ways as an executive committee for the School and meets formally on a monthly basis and more regularly on a one-to-one basis with each other or with the President to resolve day-to-day operational issues.

The **Operating Committee** is chaired by IMD's President and is attended by individuals with lead portfolios and responsibilities throughout the organisation. There are approximately 15 to 20 people on the committee. They meet once per month to ensure that all areas of the business are integrated and that each area of the business is aware of all developments and innovations. The meeting agenda often focuses on strategic issues related to IMD's clients, marketing and program quality.

The Management Committee and Operating Committee evolved overtime, in line with IMD's overall philosophy to maintain a fluid and flexible organisation.

The **Faculty Recruiters Committee** is chaired by IMD's President and consists of seven professors responsible for Faculty recruiting. This committee meets regularly to identify new Faculty and to oversee all aspects of the Faculty recruiting process.

The **Faculty Personnel Committee** consists of three professors who deal with Faculty grievance issues and enforcement of the Faculty guidelines.

IMD Appendix III: History of IMI & IMEDE

1. History of IMI before the foundation of IMD

In 1946, one year after the end of World War II, Europe had to deal with pretty desperate times. It was devastated and it had to be rebuilt. Foreign trade was reduced to an absolute minimum and subject to countless restrictions to save foreign exchange.[4]

At that time, Edward K. Davis, President and founder of Alcan Aluminium Ltd.[5] was able to see that Europe was becoming a place where men would be free to seek opportunities, to exchange ideas and products across the globe, and to put the special talents of every person to the best possible use.

Mr. Davis called upon Dr. Haenni, the Head of Laboratories of Alcan Aluminium Ltd., he was Swiss and his experience had allowed him to acquire a broad international outlook. Davis suggested Haenni set up an Alcan School of post-graduate international management. His vision was that an expanding multinational like Alcan would need to develop international managers. This School would give managers a broader perspective of the world focusing on the macro environment. It would "internationalise people."[6]

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[4] IMI document, September, 1986 – Archival Material.

[5] Founded in Canada in 1902, the subsidiary of the Pittsburg Reduction Company (later Alcoa) was first charactered as Northern Aluminium Company, Ltd.. The company was renamed Aluminium Company of Canada, Ltd. (Acoc) in 1925. The years 1930 to 1950 saw a great deal of expansion on the part of Acoc as smelting and hydroelectric facilities were built. Fabricating plants were also built and sales offices began opening on an international scale. In 1945, Acoc registered the name Alcan. Today, Alcan is a multinational, market-driven company and a global leader in aluminium and specialty packaging with 2002 revenues of US$ 12,5 billion. Headquartered in Montreal, Canada, Alcan employs 53000 people and has operating facilities in 41 countries.

[6] Bodhan Hawrylyshyn, former IMI Director General.

Consequently, Alcan founded a School in Geneva, Switzerland in 1946. Dr. Haenni chose this location because he thought it was the most international city in Europe. At a time when economic nationalism was rife, Dr. Haenni overcame the current trends and instead of merely focusing on the national environment, he envisioned an international perspective of the macro environment. Accordingly, in 1946, he ran what may have been the first international management program ever conceived.[7] IMI's mission was "To contribute to the development and improvement of managerial effectiveness, internationalising their attitudes and capacities and professionalizing their approaches and skills."[8]

During its first years, the Business School was called CEI—Centre d'Etudes Industriels. Later (in 1982) it changed its name to IMI—International Management Institute.

Since the mission of IMI was essentially to give people an international perspective of business, IMI had international Faculty, international teaching material, and international participants. The participants "were managers, young managers who could grow up to 35 or even 40 [...], from different countries."[9]

IMI did not use a particular teaching method. Rather, it focused on the different ways that enabled executives to understand the impact of the world's scenario on their own business. "Their strength was in understanding the ocean around the ship, which looked like a reasonable, like complementarities."[10]

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[7] IMI document, September, 1986 – Archival Material.

[8] IMI document, January, 1986 – Archival Material.

[9] Bodhan Hawrylyshyn, former IMI Director General.

[10] Derek Abell, former IMEDE Dean, former IMD Faculty.

By 1950 the world was opening up fast. International trade and investments grew prodigiously, and so did the demand for managers with an international outlook and with a sense of wonder and delight at the sheer diversity of the world around them. Consequently, IMI grew: broadening, internationalising and professionalising young managers.

Already in 1973, IMI was a medium sized international School that offered professional development at two levels: one was at management levels, from an MBA type course, mid management course to top management course. The other was at functional levels, like marketing and finance.[11]

During the first 20 years, IMI had financial dependency on Alcan. Dr. Bodhan Hawrylyshyn (Director of IMI from 1968 to 1986) affirms that "[Alcan] provided 80% of the budget for the first 20 years, and they set up the Board of Directors of the School."[12] However, around 1975-1976, Hawrylyshyn created a network of Business Associates Companies, which became one of IMI's strengths.[13] In time, this network would enable IMI to become less dependent on Alcan's subsidies.[14] Furthermore, this Network was the antecedent that propelled IMD to build the Learning Network.

The Business Associate Network became a source of information for IMI to know what the needs of the executives were and thus, to design the different programs and curricula. In late 1984, IMI Faculty joined representatives of the

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[11] Fred Neubauer, former IMI Faculty, IMD Faculty.
[12] Bodhan Hawrylyshyn, former IMI Director General.
[13] IMI document, September, 1986 – Archival Material.
[14] Bodhan Hawrylyshyn, former IMI Director General.

Business Associate companies and members of the IMI Foundation Board and established the 'Commission 2000'. The purpose of this Commission was to re-examine all aspects of IMI's own operations and approach to management education in order for it to be relevant and appropriate in the light of expected changes in the business environment of the 1990s.[15] "The Commission 2000 has been very important as regards to what would happen."[16]

One of the key actors of the 'Commission 2000' was Prof. Juan Rada, a young Chilean professor who joined IMI in 1979 and who was appointed Director General of IMI in 1986 at the age of 33. Rada's main purpose was to transform IMI in such a way that it would help managers who attended IMI's programs to anticipate more accurately relevant developments, to envisage clear options and be prepared to deal with an unpredictable future.[17]

Thus, three were the issues that, according to the 'Commission 2000', IMI would have to deal with in the near future: firstly, the creation of the European Union in 1992. "This was going to change the rules of the game with regard to how companies would operate their concern about management."[18]

The second issue was to develop a research capacity in order to understand the management world in its diversity and complexity. IMI and all European Business Schools had always been oriented towards executive education. "They

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[15] IMI document, September, 1986 – Archival Material.
[16] Juan Rada, former IMI Director General, former IMD Director General.
[17] IMI document, September, 1986 – Archival Material.
[18] Juan Rada, former IMI Director General, former IMD Director General.

never had the economic grounds to perform the appropriate research."[19]

Thirdly, it was essential to question the teaching methods. "The privileged teaching method of Business Schools was the case study, which is very efficient from the analytic perspective. The more cases studied, the more analytic capacity is developed. However, it does not mean more management capacity necessarily."[20]

These three issues stipulated by the Commission 2000 were the main reasons for IMI to pursue the merger with IMEDE.[21] IMI saw that the world was becoming more and more internationalised and that global competition would become stronger. Thus, they would need a response to face its future issues.

The Commission insisted on a trend towards the growth of in-company programs, which would require all three of the above mentioned issues. Besides, developing such programs would entail a closer relationship with the government, with the World Economic Forum (which had been established as a result of IMI's 25th anniversary) and with the business industry.

But in order to meet these needs IMI would have to increase its critical resource: the Faculty. "At that time, IMI had between 16 and 17 professors and IMEDE had more or less the same amount."[22]

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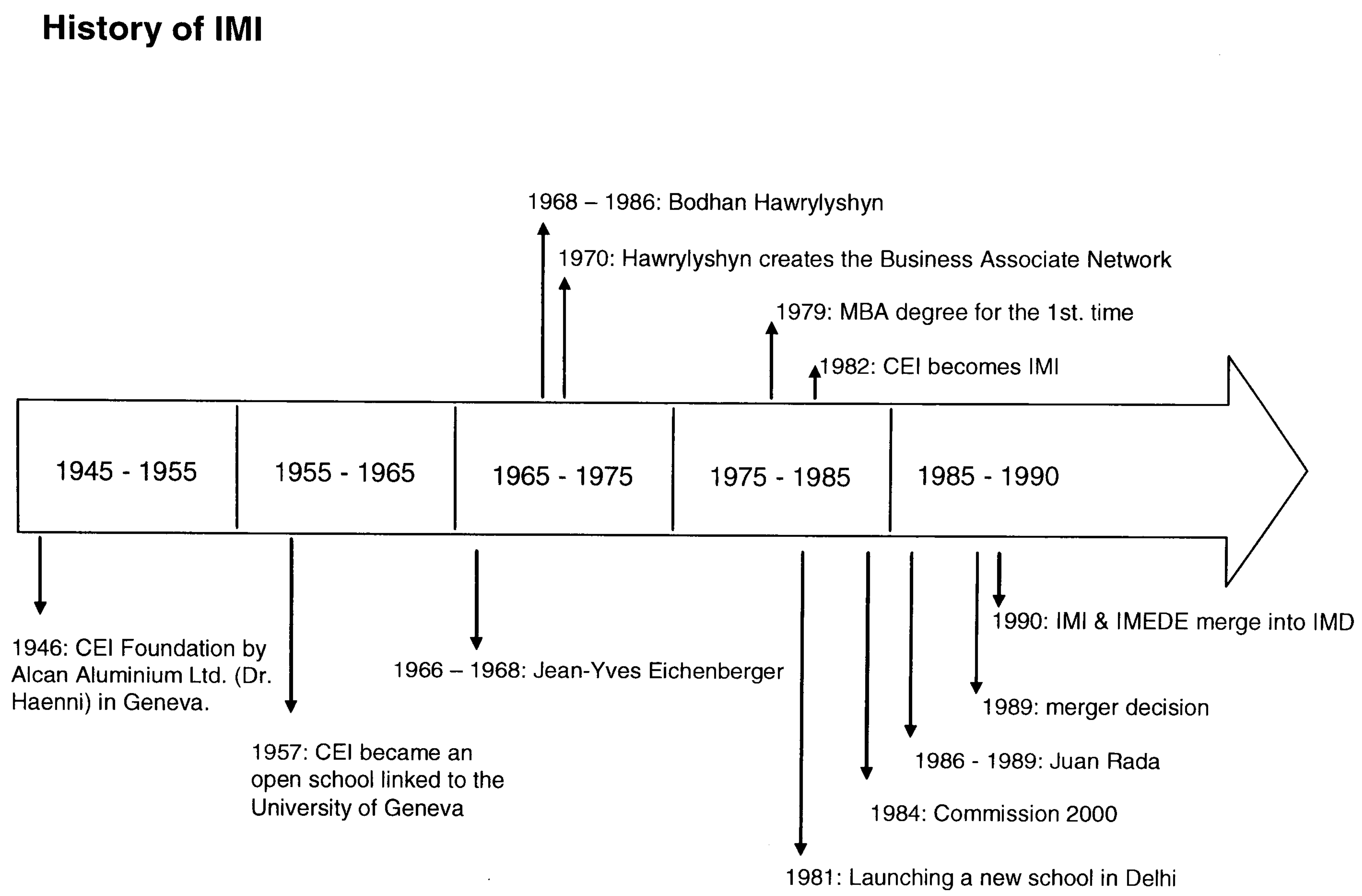
[19] Juan Rada, former IMI Director General, former IMD Director General.
[20] Juan Rada, former IMI Director General, former IMD Director General.
[21] Juan Rada, former IMI Director General, former IMD Director General.
[22] Juan Rada, former IMI Director General, former IMD Director General.

Thus, it was at this point that IMI initiated a process of approach towards IMEDE. IMI Foundation Board's members thought that merging with IMEDE would be the solution to the lack of critical resources and to the financial sustainability of both Schools.

Figure 28 illustrates the History of IMI, founded in 1946 by a Canadian company called Alcan Aluminium Ltd. It shows the different Directors General that the School had and some key circumstances that the School went through. Among these: the year in which the School was linked to the University of Geneva, when the Business Associate Network was created; when there was an MBA degree for the first time; when it launched a new School; when it changed its name; when the Commission 2000 took place, and finally, the merger with IMEDE.

The next section intends to overview the history of IMEDE before the merger.

Figure 28: History of IMI



2. History of IMEDE before the Foundation of IMD

The end of World War II marked the beginning of the most dynamic phase of Nestlé's history. Throughout this period, Nestlé's growth was based on its policy of diversifying within the food sector to meet the needs of consumers. Growth at Nestlé was a product of acquisition of different companies that allowed Nestlé to develop its program portfolio.[23] Thus, by the mid '50s, Nestlé Alimentana S.A. became a worldwide company with a pressing need to adapt to its new size.

In June 1955, a number of Nestlé's international executives met in Frankfurt in order to discuss sales organisation problems and general organisation within the group. At that meeting, a group of young men in managerial positions were asked to give their opinion as to what they thought was missing in their own backgrounds. These men talked about the major difficulties they had encountered in the past due to the lack of experience and knowledge to face their expansion throughout the world. They acknowledged their anxiety as regards managing a company which was growing at a tremendous speed. Moreover, their responsibilities were facing the first stages of internationalisation.

After the meeting, Enrico Bignami (Managing Director of Nestlé Alimentana SA between 1953 and 1968, and Vice-Chairman of its Board of Directors) and his colleague, Mr. Jean-Constant Corthésy, had the opportunity to think over the whole issue. Both men started to dream of having some kind of

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[23] www.nestlé.com

management School for Nestlé.

So they went to the Director of CEI (later IMI) and proposed that Nestlé should participate in the School. Since they had different perspectives (IMI's was to focus on the different business models all over the world, whereas Nestlé wanted a School that would teach management as some of the traditional American Business Schools did) and did not come to any agreement, Bignami and Corthésy decided to meet the Dean of Harvard Business School (HBS), to seek his advice.

With this purpose, the Dean of HBS asked two of HBS professors to guide the Nestlé people, Carl Roland (Chris) Christensen and George Albert Smith. These professors suggested Nestlé create a School not just for the Company but for other European companies as well.

Consequently, in 1957, Nestlé founded IMEDE with the academic support of HBS, in Lausanne. Clark Myers (Dean of the College of Business Administration at Ohio University) became IMEDE's first Dean. IMEDE's main purpose was to become a Business School which would train managers within the European environment but with a Harvard case-oriented methodology.

Rapidly, IMEDE became a place where executives could obtain solid education in management. The Harvard community started to understand that IMEDE could be their connection with European culture and style, since it had a strong Harvard background. In recalling these years, Derek Abell (former IMEDE professor and Dean) asserts, "Harvard was very influential in the early years in promoting a style of research, which was 'Let's go in and understand individual companies. Not do surveys of hundreds of things.'" [24]

As regards the School's characteristics, IMEDE relied on Nestlé. Nestlé subsidised IMEDE every year and it began to see that the School's dependence was getting stronger every year.

IMEDE's structure and aims were supported by the authorities of the Canton of Vaud who, at first, were apparently concerned about the unfamiliar approach being taken as regards the Faculty, the proposed teaching language (English) and teaching methodology (case study method). However, they were soon won over by the innovative aspects of the idea and by the possibility of establishing a new international centre for higher education in Lausanne.

Harvard's influence could be seen not only in IMEDE's teaching methodology, but in the Faculty's persistence that in order to make an impact on participants, courses had to be long. IMEDE also had HBS's perspective of the 'American way', which was what European companies looked for at that time.

As regards the Faculty, there were 14 Professors (most of them had studied at Harvard). Seven of them integrated the core of Full-Time Faculty. The other seven were visiting Professors who rotated every year. It was a very

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[24] Derek Abell, former IMEDE Dean, former IMD Faculty.

homogeneous team. "I remember for example, that we would have, on a weekly basis, 'Monday morning agenda setting'. We would meet very quickly informally, around the table on the cafeteria and set the agenda; tell ourselves what was going on and set the agenda for the week that followed."[25] Even though the Dean ran these meetings, the decisions were carried out on an informal basis.

As time went by, the core of Full-Time Faculty began to grow, and it became established. It became increasingly international: a place for executives to acquire a solid education. Eventually, the culture of the School began to take shape. It was characterised by diversity, since the Faculty belonged to different fields and by backgrounds, since they came from different countries.

Even though professors came from different fields and from different nations, they had a sense of belonging to the School, which they shared. "A great number of us were educated at HBS, so we had that sort of common element in our most recent training and development."[26]

IMEDE had particular characteristics that made the School similar to IMI: both Schools were initiated by companies; both of them started providing participants with executive programs and they both needed financial assistance.

IMEDE's weak financial situation came to the point when Nestlé began to worry as it became aware that the School was far from heading towards self-

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[25] Kamran Kashani, former IMEDE Faculty, IMD Faculty.
[26] Kamran Kashani, former IMEDE Faculty, IMD Faculty.

sustainability. This weakness would be an obstacle for IMEDE to become a top Business School in the future. "Nestlé played the founding role in terms of the establishment of IMEDE, and had always been prepared to respond to any operation. And this was systematic [...] in the mid 1980s. [There was] a direction that said that no truly international School was going to build itself on the back of one company, which in this case was Nestlé."[27]

Thus, Nestlé decided not to subsidise IMEDE any longer. It suggested the School build a Business Associate Network as IMI had done in 1975, so that it would not have to keep on subsidising the School on its own. But the business industry refused to help two Swiss Business Schools. This triggered the IMEDE Foundation Board (most of its members were managers at Nestlé) to start negotiations with IMI with the aim of merging both Schools. In this sense, Juan Rada posits, "Stephan Schmidheiny, who was my Chairman at IMI, sat at Nestlé's Board. [...] Some of them knew each other and others didn't, but they had a common denominator, Switzerland. And I say so because the role that the big Swiss multinationals played in the merger was fundamental."[28]

So the merger decision was analysed between both IMI and IMEDE Boards. Among the Swiss multinationals that were on these two Boards, were Ciba Geigy at the IMI Foundation Board and Nestlé at the IMEDE Foundation Board. However, some of the Swiss companies (UVS and Credit Swiss for example) were at IMI's Board and at Nestlé's Board too. Thus, both IMI and IMEDE Boards started negotiating the likelihood of a merger taking place,

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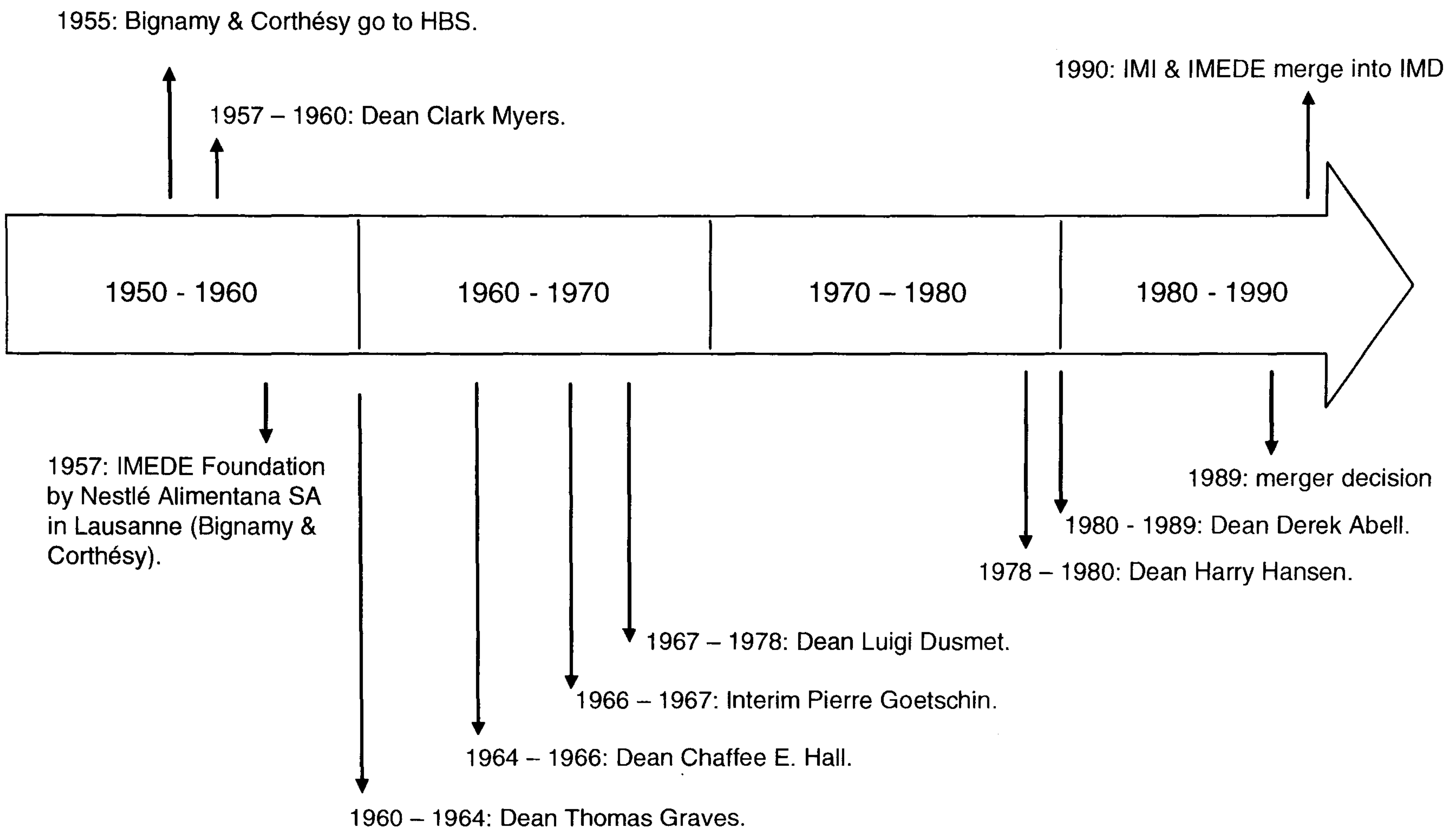
[27] Jim Ellert, former IMEDE Faculty, IMD Associate Dean.
[28] Juan Rada, former IMI Director General, former IMD Director General.

towards the end of the '80s.

Figure 29 illustrates the History of IMEDE. It illustrates the date the School was founded, the different Deans it had, the year it was decided to effect the merger and the year in which the merger took place.

Figure 29: History of IMEDE

History of IMEDE



1955: Bignamy & Corthésy go to HBS.

1957 – 1960: Dean Clark Myers.

1990: IMI & IMEDE merge into IMD

1957: IMEDE Foundation by Nestlé Alimentana SA in Lausanne (Bignamy & Corthésy).

1960 – 1964: Dean Thomas Graves.

1964 – 1966: Dean Chaffee E. Hall.

1966 – 1967: Interim Pierre Goetschin.

1967 – 1978: Dean Luigi Dusmet.

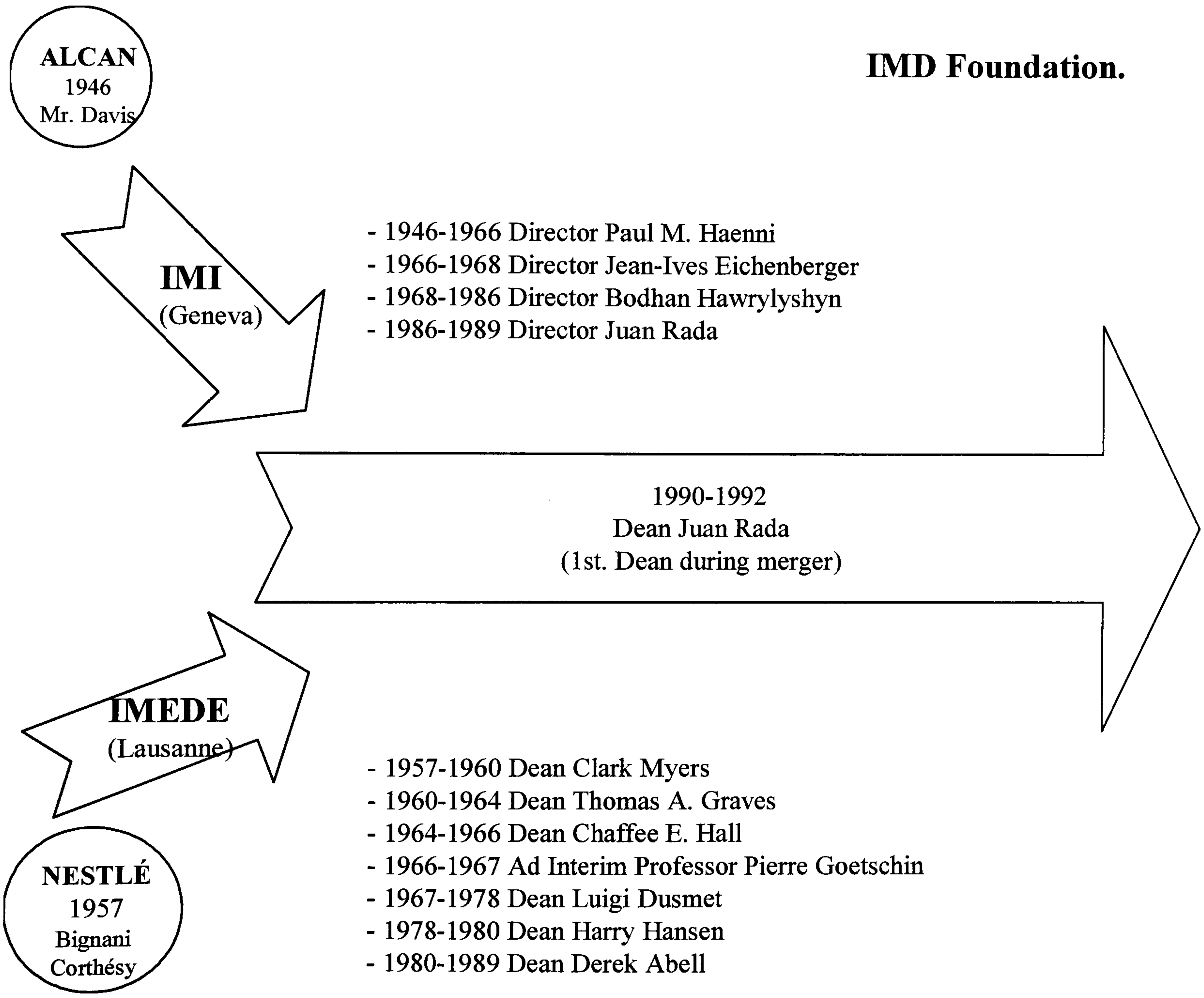
1978 – 1980: Dean Harry Hansen.

1980 - 1989: Dean Derek Abell.

1989: merger decision

Figure 30 illustrates the IMD Foundation. It shows that it was born in 1990, from the merger of IMI (founded by Alcan –Mr. Davis- in 1946) and IMEDE (founded by Nestlé –Bignami and Corthésy- in 1957). It also refers to the IMD's first Dean, Juan Rada, whose tenure ran fom 1990 to 1992. The different Director Generals (IMI) and Deans (IMEDE) from the founding Business Schools are listed.

Figure 30: IMD Foundation



- 1946-1966 Director Paul M. Haenni
- 1966-1968 Director Jean-Ives Eichenberger
- 1968-1986 Director Bodhan Hawrylyshyn
- 1986-1989 Director Juan Rada

- 1957-1960 Dean Clark Myers
- 1960-1964 Dean Thomas A. Graves
- 1964-1966 Dean Chaffee E. Hall
- 1966-1967 Ad Interim Professor Pierre Goetschin
- 1967-1978 Dean Luigi Dusmet
- 1978-1980 Dean Harry Hansen
- 1980-1989 Dean Derek Abell

IMD Appendix IV: Analytical tracing of critical 'issues' during the merger episode

Data supporting the foregoing analysis

In order to understand *why* some issues gain the agenda instead of others, it seems relevant to observe how each of the main actors prioritise their main generic interests and how they scan the most critical features of both inner and outer contexts that will be decisive in legitimating the prioritisation of some interests over others.

Table 40 shows the main generic interests prioritised by each key actor. The importance of this rests on the fact that the political perspective emphasises the interplay of different interests among key actors and how these interact with each other to prevail their interests instead of others. Along this vein, Table 38 refers to the key actors (Dean, Faculty and Board) and to those *characteristics* that shape their interplay.

To better understand *why* and *how* things happened, Table 41 shows an analytical view of the characterisation of features of the inner context, and Table 42, the influence of the characterisation of features of the outer context. Finally, Table 42 adds to the prioritisation that each key actor does regarding their own interests, the column of *'real issue prioritisation of MGI'*, which refers to the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing. Two other columns complete the table: firstly, *'issue legitimisation'* that refers to the influence that features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been raised to the School's agenda instead of others. Secondly, the column of 'power mobilisation' completes the political perspective explaining *how power* is *mobilised* in order to make some interests prevail over others. To understand how power works, the study focuses on the concepts of power sources and uses (See Chapter II) of each of the key actors.

The following figures and tables provide the study with a complete and analytical perspective of the elements that shaped the strategic agenda building and executing over the period 1990-1991. Thus, the following step refers to the exploring and describing of the interrelations, dynamics and interconnections among these elements. Note that the tables that correspond to the reliability coding of the content analysis of the interviews and archival material, that support the foregoing information can be found in the Appendix 2.

Table 40: Prioritisation of main generic interests by key actors during merger period

Period / Key actor	Merger 1990-1991
Dean	1) Strategic agenda building, executing & aligning 2) Faculty & Board support
Faculty	1) Collegial participation in key decisions 2) Academic career
Board	1) Performance 2) Governance

Table 41: Key actors' characterisation during merger period

Period Key actor	Characteristic	Merger 1990-1991
Dean	**Leadership style**	Participative
	Skills	Intellectual
	Values	Open minded Consensus building
	Background	Academic
Faculty	**Background**	Macro (IMI) vs micro (IMEDE) perspective
	Fragmentation	IMI-IMEDE
Board	**Background**	Business CEOs & members Donors & benefactors
	Role of the chairman	Executive director Active role in the merger Some overlap with Dean's role

Table 42: Characterisation of features of inner context during merger period

Period Key features	Merger 1990-1991	
Performance: Income Profits	1990 Income: 34.514 Operating profit: 2.355	1991 Income: 36.331 Operating profit: (126)
Climate	Tensions Conflicts Uncertainty Frustration	
Culture	2 different cultures & backgrounds: IMI-IMEDE	
Systems	Rewriting rules (unclear)	
Structure	Multiple committees Academic departments Faculty college (informal structure) Possible overlapping functions between Chairman of the Board and Director General	

Table 43: Characterisation of features of the outer context during merger period

Period Key features	Merger 1990-1991
Economic environment	Gulf crisis (recession)
Corporate customer	Expectant Business Associate Network enlarged
Competition	INSEAD LBS Top US Business Schools
Donors/benefactors	Nestlé and Alcan dependency (ownership)
Alumni	Not critical
Rankings	Not critical
Accreditation agencies	Not critical
Government	Not critical

Table 44: Strategic agenda building and executing (SLP) through prioritisation of MGI during merger period

Period	**Key actor**	**Prioritisation of main generic interests by key actors**	**Power mobilisation**	**Issue legitimation**	***Real* prioritisation of MGI**
Merger	**Dean**	1) Strategic agenda building, executing & aligning 2) Faculty & Board support	Source: Position Academic expertise Intellectual prestige Use: Consensus Rationality	Inner Context: Economic & financial weakness Conflict/tension/frustration Sense of loose direction Outer Context: Economic environment – recession (Gulf War) Donors & Corporate customers' expectation	1) Performance 2) Collegial participation 3) Governance
	Faculty	1) Collegial participation 2) Academic career	Source: Network Expertise Use: Coalition formation		
	Board	1) Performance 2) Governance	Source: Position Ownership Economic resources Use: Assertiveness Rationality Financial aid		

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship

ii. Issue Selling

iii. Alignment of key actors' MGI prioritisation

iv. Agenda Structure

v. Characterisation of features of both outer and inner context legitimating initiatives

i. Issue sponsorship

Although Dean Juan Rada was the issue sponsor regarding the set of initiatives promoted to make the IMI & IMEDE merger successful, it is the Board that nominated Rada to lead the School into the merger process. Now, the study identified the relevance of the Board's background and the role of its Chairman, regarding their impact on this first episode. Empirical data suggests that during Rada's tenure, top managers who were IMD's donors & benefactors mainly joined the Board. This fact contributed to the Board's sense of ownership towards IMD and thus, their interest in the School's financial outcome.

Moreover, Kaspar Cassani, Chairman of the IMD Board at the time of Rada, had had an active role in the IMI & IMEDE merger and thus, he was committed to its success. In addition, he was a highly respected professional who personally knew many top managers, members of IMD's Foundation Board. Thus, not only did he want IMD to be successful for the School's sake but also for his own reputation as Chairman of the IMD Board. In facing uncertainty, he would rather undertake executive functions (although this implied that his actions overlapped with the Dean's role) to prevent any critical situation.

ii. Issue selling

Even though Rada was the highest formal authority as Dean, the particular characteristic of Business Schools as higher education institutions requires other key actors' support. In this regard, the study did not find any evidence of an effective issue selling on behalf of Rada. He was mainly focused on medium and long term objectives related to the shape of the new School's identity: culture, policies and strategy. Moreover, data suggests Rada was aware of the importance of including the Faculty in this critical task; he spent a considerable amount of time to satisfy this demand.

However, Rada's actions were not perceived by the other key actors, either because of his own leadership or managerial limitations to deal with the merger process and/or other issues, such as the overlap of functions with the executive role of the Board's Chairman, the lack of positive economic results in the short term, in consonance with Board's expectations, or the unexpected recession produced by the Gulf War. Or maybe just because he did not undertake an effective issue selling, but the his failure to overcome those obstacles set by Cassani led him to a discredited position where confused, disoriented and annoyed Faculty would not dare to approximate. And even though he would have attained Faculty's support (which he did not), it would have not been enough since this academic body was fragmented as a result of the different backgrounds of the IMI & IMEDE members.

The weak financial and economic shape of the School fostered its dependency on the Board's economic contribution. In addition, the 1991 recession worsened this situation even more. As a result, the Board's power was strengthened and the Faculty could perceive this situation. In addition, the Faculty College was created by some members of the Faculty who wanted to lead the School's strategic direction in intent to solve the current lack of authority. Cassani facilitated the College's interest of collegial participation in key decisions by allowing Goetchin (Head of Faculty College) to attend Board meetings. This situation had a strong impact in IMD's 'balance of power', which clearly let Rada alone, in the weaker side. It would be very difficult for him to undertake any issue selling within this 'political map'.

iii. Alignment of key actors' MGI prioritisation

While Rada was oriented towards strategic agenda building & executing, the Board prioritised performance since its members aimed at restoring the School's financial situation in the short term. As for the Faculty, it claimed collegial participation in key decisions. But even though Rada facilitated the participation of the Faculty, they demanded a clearer definition related to direction setting, decision-making and execution. Moreover, the Faculty fragmentation due to the different background of the IMI & IMEDE members, constrained their cohesion as an academic body.

In addition, the Board sought economic stability to enable the merger to proceed and the Faculty recognised social organisational instability of the merger as potentially problematic and likely to be made more difficult as a consequence of economic instability—i.e. chance or circumstances combined to mean that both the Board and Faculty were opposed to Rada who became isolated. Power is a relational phenomenon. Thus, this isolation is what forced his resignation, not as an explicit result of specific steps by anyone but rather as a consequence of the interplay of situation and interests—as if it were an 'invisible hand' (Chandler, 1963).

In summary, the study identified not only the different MGI prioritisation among key actors but also lack of issue selling on behalf of the Dean and a clear failure in aligning key actors' MGI prioritisation at the time to define and implement the strategic agenda of IMD.

iv. Agenda structure

The entry of an issue onto the strategic agenda is facilitated or constrained by the number of issues, their sequencing and structure of the organisation's agenda at the time an issue is being raised. In this regard, Rada's long-term interest was constrained by the other short-term issues which presented more urgency and consequentiality due to their short-term relevance such as the Board's interest prioritisation related to the School's performance.

The study noted the Board's power to influence IMD's agenda structure and how such influence was based on its sense of ownership that resulted from the

School's financial dependence. Moreover, the Board's power base was also 'fed' by the Faculty's support fostered by IMD's instability regarding both economic (weak performance) and political (weak authority) situation.

v. Issue Legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this first episode were the following: corporate customers' demands, donors & benefactors, competition and economic environment. As already mentioned, the world was going through a critical situation (recession, fall of the Berlin Wall, etc.) that strongly impacted European countries (economic environment). Companies expected management education to lead them through this state of affairs (corporate customers' demands).

IMI & IMEDE were no exceptions. Both schools were affected by these circumstances so with the intention of achieving critical size and financial stability to be able to become a top league Business School in the international market place (competitors), their Boards (donors & benefactors) decided on their merge.

As for the inner context, there were features delegitimating among which the study found climate, culture, structure, systems and performance. After the merger, there was low morale, mistrust, annoyance and anxiety at IMD (climate). Two completely different cultures (IMI & IMEDE's) had been merged and instead of defining what the IMD culture would be like, people struggled in the intent of imposing one culture over the other (culture).

Moreover, the overlapping roles between the Cassani and Rada, and the creation of the Faculty College whose representative attended the Board meetings, enabled to visualise the confusing structure of the new School (structure). In addition, there were no clear rules and policies that fostered the Faculty mistrust and anxiety regarding their future (systems). This was also augmented with the school's weak financial situation (performance).

Table 45: Analysis of Issue Legitimisation at IMD between 1990 and 1992

				IMD
				1st episode
Legitimisation	Type of initiative		B	▨
			I	
	Issue selling			
	Alignment MGI			
	Features legitimating	OC	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	▨
		IC	CL	
			CU	
			ST	
			SY	
			P	
	Features delegitimating	OC	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		IC	CL	▨
			CU	▨
			ST	▨
			SY	▨
			P	▨

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style

ii. Dean's skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identifies Rada mostly is his participative attitude to involve other people in the discussion and definition of the School's policies, rules, and strategies. He encouraged people to let him know their perspectives, letting others be awared of the different decisions he would undertake. He would listen to everyone and agree on others' suggestions. However, people recognised his lack of sharpness in defining decision-making processes and they recall his growing tendency towards individual agreements, which contributed to lack of clear rules and direction.

ii. Dean's skills & competences

With regard to his skills & competences, the study identified Rada as visionary, entrepreneur and committed. Interviewees agree he was a smart person with strong analytical and strategic thinking capabilities. He wanted to transform IMD into an international top league Business School but the turbulent circumstances he had to go through and his lack of experience to deal with obstacles led him to failure.

iii. Power sources

Rada's power was mostly based in his authority (position power) as Dean of IMD. Thus, given the particular characteristic of such type of authority in higher education institutions, the fact that the Dean is a 'primus inter pares' makes position a rather weak power source. He could have built his power base for example, by delivering results and thus, gaining other key actors' support. However, the unfavourable circumstance he had to deal with led him to isolation.

iv. *Power uses*

In mobilising power to legitimate his initiatives, Rada showed rationality, consensus building and listening & scanning the environment. However, these power uses were not enough since they did not facilitate Rada to build his power base. The turbulent circumstance he had to deal with demanded him enough support to carry out decisions, which he was unable to find.

Table 46: Analysis of Power Mobilisation at IMD between 1990 and 1992

			IMD
			1st episode
Power mobilisation	Type of initiative	B	▨
		I	
	Sponsor's leadership style	D	▨
		P	
	Dean's skills & competences[29]	Visionary	▨
		Communication	
		Delivers results	
		Political skills	
		Entrepreneur	▨
		Commitment	▨
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g & a	
		Expertise	
		Reputation	
		Referent	
	Power uses	Articulation	
		Coalition format	
		Rationality	▨
		Assertiveness	
		Decisiveness	
		Execution	
		Delegation	
		Listen/scanning	▨
		Consensus build	▨

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[29] It seems relevant to note that study has highlighted only those skills and competences that appeared as strengths. This does not mean that the person under characterization does not possess other skills and competences.

IMD Appendix V: Analytical tracing of critical 'issues' during the transition episode

Data supporting the foregoing analysis

The following tables depict the analytical tracing of the different aspects during the transition: key actors' characterisation (see Table 47), features of the inner and outer contexts (see Tables 48 and 49), key actors' prioritisation of main generic interests (see Table 50) and key actors' strategic agenda building and executing (SLP) through the prioritisation of their main generic interests (real prioritisation of MGI, issue legitimation and power mobilisation) (see Table 51).

Table 47: Key actors' characterisation during transition period

Period / Key actor	Characteristic	Transition 1992-1993
Dean	**Leadership style**	Directive
	Skills	Deliver results
	Values	Commitment Fairness Assertiveness Communication
	Background	Academic Managerial
Faculty	**Background**	Different cultures: macro vs micro perspectives
	Fragmentation	Farmers & hunters
Board	**Background**	Business CEOs & members Donors & benefactors
	Role of the chairman	Active role in merger process with focus on the search for a new Dean Financial aspects Strategic priorities

Table 48: Characterisation of features of the inner context during transition period

Period Key features	Transition 1992-1993	
Performance: Income Profits	1992 Income: 37.645 Operating profit: 2.568	1993 Income: 35.212 Operating profit: 2.000
Climate	Tensions Conflicts Uncertainty Expectation	
Culture	'Farmers', people who insisted to work for IMD. 'Hunters', people who had individual agreements with companies outside the School.	
Systems	Adaptation Rewriting rules	
Structure	Head count reduction of Staff Centralization Faculty college although less relevant (informal structure)	

Table 49: Features of the outer context during transition period

Period Key features	Transition 1992-1993
Economic environment	Final stage of recession resultant of Gulf War
Corporate customer	Discredit
Competition	INSEAD LBS Top US Business Schools
Donors/benefactors	Board members mostly: expectation
Alumni	Not critical
Rankings	Not critical
Accreditation agencies	Not critical
Government	Not critical

Table 50: Prioritisation of MGI by key actors during transition period

Period Key actor	Transition Period 1992-1993
Dean	1) Performance 2) Faculty & Board support
Faculty	1) Collegial participation in key decisions 2) Academic career
Board	1) Performance 2) Governance

Table 51: Strategic agenda building and executing (SLP) through prioritisation of MGI during transition period

	Key actor	Prioritisation of main generic interests by key actors	Power mobilisation	Issue legitimation	*Real* Prioritisation of MGI
Transition	**Dean**	1) Performance 2) Faculty & Board support	Source: Position Internal referent Personal credibility Use: Rationality Assertiveness Sanctions Execution	Inner Context: Poor performance: financial weakness Expectation Space for collegial participation Farmers & hunters Outer Context: Economic environment – final stage of recession Donors discredit	1) Performance 2) Collegial participation 3) Governance
	Faculty	1) Collegial participation 2) Academic career	Source: Expertise Network Use: Coalition formation		
	Board	1) Performance 2) Governance	Source: Position Ownership Economic resources Use: Assertiveness Rationality Financial support		

2. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue sponsorship

ii. Issue selling

iii. Alignment of key actors' MGI prioritisation

iv. Agenda structure

v. Characterisation of features of both outer and inner contexts legitimating initiatives

i. Issue sponsorship

Xavier Gilbert was clearly the issue sponsor supported by the other two key actors: the Board and the Faculty. Although the fact that he would be the Interim Dean for a short time until a new Dean was appointed could be regarded as an obstacle for the implementation of his decisions, his authority was strengthened due to the critical situation IMD was going through. He had sufficient power to influence IMD's strategic agenda. His power base was built on the following: on the one hand, the Board could not afford to lose the Interim Dean it had appointed, and on the other hand, the Faculty could not ignore the critical circumstances the School was going through.

ii. Issue Selling

Even though he knew he would not stay for long and that his mandate did not imply a turning point in the School's agenda *(incremental initiative)* Gilbert understood the importance of making the Faculty focus on the urgency and consequentiality of restoring the School's financial situation. IMD's performance was *a critical matter to all of them*, not just for the Board and the Dean but also for the Faculty. Thus, there was no need to undertake much issue selling but just leading the people's attention towards the critical situation.

iii. Alignment of key actors' MGI prioritisation

Gilbert's clear alignment with the Board's MGI priorities of restoring the School's financial situation strengthened his position not only as IMD's Interim Dean but also as the issue sponsor. He understood the Faculty's claim to participate in the School's key decisions and thus, aligned his own priorities with theirs too. Moreover, both the Board and the Faculty were concerned of the critical situation the School was going through. This facilitated Gilbert's job.

iv. Agenda Structure

Restoring the School's financial situation was a priority in IMD's strategic agenda during Gilbert's deanship. All members of the IMD community understood they had to solve this critical problem, thus, decisions and actions were headed to do so.

v. *Issue Legitimisation: Features of both outer and inner contexts*

The study identified *corporate customers' demands, donors & benefactors, competition* and *economic environment* as those features from the outer context that legitimated episode 2.

As it has already been mentioned, Gilbert was committed to accomplish the Board's mandate, since this body was joined by IMD's donors & benefactors, which still had ownership over the School. He prioritised program delivery so that corporate customers would be satisfied and would continue to demand IMD programs instead of those offered by any competitor. The end of Europe's recession favoured his decisions and propelled IMD's economic recovery.

As for those legitimating features from the inner context, *climate, structure, systems* and *performance* were identified. *Culture* delegitimated episode 2. The study could visualise that during this episode, IMD's climate was characterised by much expectation regarding the future of the School and its community. This facilitated Gilbert's will to gain people's support. Moreover, there was sufficient space for collegial participation driven by Gilbert's purpose of developing internal communication. The shaping of rules and policies with the aim of providing much transparency also contributed to the alignment of MGI among key actors. Finally, the School's weak performance and the people's will to change such situation also acted as a driver towards this alignment. However, IMD's culture acted as an obstacle to Gilbert's initiatives. The Faculty was still fragmented into two groups: the farmers and the hunters.

Table 52: Analysis of Issue Legitimisation at IMD between 1992 and 1993

				IMD
				2nd episode
	Type of initiative		B	
			I	▨
	Issue selling			
	Alignment MGI			▨
Legitimisation	Features legitimating	OC	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	▨
		IC	CL	▨
			CU	
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	OC	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		IC	CL	
			CU	▨
			ST	
			SY	
			P	

3. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

a. Sponsor's leadership style

b. Dean's skills & competences

c. Power sources

d. Power uses

i. Sponsor's Leadership style

Given Gilbert's determination, commitment, decisiveness and result orientation regarding the Board's mandate—restoring IMD's financial situation, which the study identified along the fieldwork, his leadership style was classified as *directive*.

ii. ***Dean's skills & competences***

As the foregoing paragraph asserts, Gilbert was a committed Dean who showed consistent behaviour in promoting the integration of both interests and goals. He had both political and communication skills, and was result-oriented. In fact, his decision to undertake a head-count reduction within IMD's staff enabled the School to lower its costs and restore its situation.

iii. Power sources and *iv. Power uses*

Just as Rada, Gilbert also presents position as his structural power source. Unlike Rada, he took advantage of the difficult situation the School was undergoing. He took IMD's crisis as his main power source and began to build more power on this base. The fact that he was a referent leader among the IMEDE Faculty enabled him to gain support among Faculty members. To do so, he undertook several tactics such as coalition formation, delegation, execution, assertiveness and rationality.

Table 53: Analysis of Power Mobilisation at IMD between 1992 and 1993

				IMD
				2nd episode
Power mobilisation	Type of initiative		B	
			I	▨
	Sponsor's leadership style		D	▨
			P	
	Dean's skills & competences	Visionary		
		Communication		▨
		Delivers results		▨
		Political skills		▨
		Entrepreneur		
		Commitment		▨
		Consistency		▨
		Integration		▨
	Power sources	Position		▨
		Reward		▨
		Resource g & a		▨
		Expertise		
		Reputation		
		Referent		▨
	Power uses	Articulation		
		Coalition format		▨
		Rationality		▨
		Assertiveness		▨
		Decisiveness		▨
		Execution		▨
		Delegation		
		Listen/scanning		▨
		Consensus build		

IMD Appendix VI: Analytical tracing of critical "issues" during IMD's Consolidation and Success episode

Data supporting the foregoing analysis

To better understand and analyse this period of IMD's *Consolidation & Success*, the following tables depict the analytical tracing of its different aspects. Table 51 facilitates the identification of those characteristics of key actors that shape their prioritisation of main generic interests. Tables 55 and 56 show an analytical view of the influence of the characterisation of features of both inner and outer contexts, and Table 57 focuses on the prioritisation of the main generic interests of each key actor. The importance of this rests on the fact that the political perspective emphasises the diversity of interests among key actors and what triggers some issues to prevail instead of others.

Finally, Table 58 shows the prioritisation that each key actor makes regarding their own interests, the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing, the influence that features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been prioritised in the School's agenda instead of others, and *how power* is *mobilised* in order to make some interests prevail over others.

Tables in the Appendix represent the reliability coding of the content analysis of archival material and interviews regarding the aspect tackled.

Table 54: Key actors' characterisation during IMD's Consolidation & Success

Period / Key actor	Characteristic	1993 – 2004
Dean	**Leadership style**	Directive Delegates
	Skills	Visionary Strong commercial vision Deliver results Decision & execution Customer focus Academic expertise Listens
	Values	Fairness Commitment Assertive Entrepreneurial
	Background	Academic Managerial
Faculty	**Background**	Academic oriented/business oriented
	Fragmentation	Mixture of IMI & IMEDE Farmers & hunters
Board	**Background**	Business CEOs & members audit Donors & benefactors
	Role of the chairman	Audit Chairman

Table 55: Characterisation of features of the inner context during IMD's Consolidation & Success

Key features	**Consolidation 1993 – 2004**	
Performance: Income/profits	Income: 35.212 Operating profit: 2.000	Income: 97.503 Operating profit: 6.536
Climate	Expectation Uncertainty Unsettled	High morale Satisfaction Optimism Openness Cooperation International environment
Culture	Still farmers & hunters Individual agreements	Partnership spirit Customer focus Meritocracy Teamwork Excellence in teaching Relevant research
Systems	Compensation: Discomfort Workload: Unfair system Tenure system	Compensation: individual/institutional bonus/buy-back Faculty Recruiting Workload: transparency fair No tenure system
Structure	Academic departments Faculty college	No academic departments Management committee Operating committee Faculty recruiting committee Faculty committee

Table 56: Features of the outer context during IMD's Consolidation & Success

Key features	**Consolidation 1993 – 2004**	
Economic environment	Crisis of emergent markets: Russia – Brazil - Asia - SARS Internet boom	European union – Euro Twin tower terrorist attack
Corporate customer	Expectation Learning Network	Strong reputation Top School in Management Education market Extended and consolidated learning network
Competition	INSEAD LBS IESE Top US Business Schools	Stronger leadership position in Exec. Ed. & MBA – among top 3 Schools in Europe Trend towards internationalisation: alliances & campuses INSEAD LBS IESE Top US Business Schools
Donors/benefactors	Broadening the scope of support (Swiss & non-Swiss companies)	Around 180 companies within Learning Network Donors for building facilities
Alumni	Not critical	Not critical
Rankings	Not critical	Strong influence Top position
Accreditation agencies	Not critical	Not critical
Government	Not critical	Not critical

Table 57: Prioritisation of MGI by key actors during IMD's Consolidation & Success

Period Key actor	1993 – 2004	
Dean	1) Performance 2) Faculty & Board support	1) Strategic agenda building & executing 2) Performance
Faculty	1) Collegial participation in key decisions 2) Fair work systems & compensation	1) Collegial participation in key decisions 2) Fair work systems & compensation
Board	1) Governance 2) Performance	1) Reputation 2) Performance

Table 58: Strategic agenda building and executing (SLP) through prioritisation of MGI during Consolidation & Success of IMD

	Key actor	Prioritisation of main generic interests	Power mobilisation		Issue legitimation	*Real* prioritisation of MGI
1993	**Dean**	1) Performance 2) Faculty & Board support	*Source:* Academic Referent Position 'IMD's salesman' Customer focus Deliver results	*Use:* Participating Faculty Rationality Sanctions Execution Commitment Consistent behaviour	*Inner Context:* Balanced operating budget but still weak economic & financial situation Expectation, uncertainty, unsettled *Outer Context:* Economic environment – crisis of emergent markets & internet boom Donors expectation	1) Performance 2) Governance 3) Faculty & Board support
	Faculty	1) Collegial participation 2) Fair work systems & compensation	*Source:* Expertise Network	*Use:* Coalition formation		
	Board	1) Performance 2) Governance	*Source:* Position	*Use:* Assertiveness Rationality		
2004	**Dean**	1) Performance 2) Strategic agenda building & executing	*Source:* Position Expertise as Dean Commitment Fairness Decisiveness Academic expertise 'IMD's salesman' Customer focus Visionary	*Use:* Rationality Assertiveness Execution	*Inner context:* Great performance Partnership spirit *Outer Context:* Euro Strong reputation & leadership position in management education industry	1) Strategic agenda building & executing 2) Performance 3) Fair work systems & compensation
	Faculty	1) Collegial participation in key decisions 2) Fair work systems & compensation	*Source:* Expertise due to excellence in teaching International perspective	*Use:* Exchange		
	Board	1) Reputation 2) Performance	*Source:* Position	*Use:* Assertiveness Rationality		

In observing the episode related to the purpose of achieving IMD's consolidation & success in the top league of management education, the study suggests it consists of a successful breakthrough initiative since it implies an effective turning point in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship

ii. Issue Selling

iii. Alignment of key actors' MGI prioritisation

iv. Agenda Structure

v. Characterisation of features of both outer and inner context legitimating initiatives

i. Issue sponsorship

Peter Lorange sent a clear signal of being in command, setting the School's strategic direction, and inviting the entire community to contribute to make IMD a top international Business School. He validated his power by making explicit that he had received it from them. Thus, he would be able to lead only if they wanted him to do so. Moreover, he looked for their concrete support and involvement asking them to write down what things they expected him to do and what things they did not want him to do. This way of validating the formal authority he had received, legitimated, broadened and strengthened his power base.

ii. Issue selling

Lorange made the IMD community understand the urgency and consequentiality of those decisions and actions he promoted. He made people believe and commit themselves to achieve those goals he suggested, with clear direction and transparency.

iii. Alignment of key actors' MGI prioritisation

From the beginning of his tenure, Lorange undertook an intense and effective alignment of key actors' MGI prioritisation. He listened and scanned both outer and inner environments and was keen to understand what other key actors looked for and thus, attend their needs.

Lorange promoted the integration of interests and goals and adapted the School's systems, structures and policies to facilitate the articulation of his vision.

iv. Agenda structure

The study noted Lorange's ability to influence IMD's agenda structure. Such influence was based on the fact that he delivered results. In aligning both the Board and Faculty's priorities with his, he gained the supported needed to raise his interests on to the School's strategic agenda.

v. *Issue Legitimisation: Features of the outer & inner contexts*

The study observed that those features of the outer context that legitimated this third episode were the following: *corporate customers' demands, donors & benefactors, competition* and *economic environment*; whereas legitimating features of the inner context were *climate* and *performance.*

As for the inner context, there were features delegitimating among which the study found *culture, structure,* and *systems.*

Table 59: Analysis of Issue Legitimisation at IMD between 1993 and 2004

				IMD
				3rd episode
Legitimisation	Type of initiative		B	▨
			I	
	Issue selling			▨
	Alignment MGI			▨
	Features Legitimating	OC	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	▨
		IC	CL	▨
			CU	
			ST	
			SY	
			P	▨
	Features Delegitimating	OC	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		IC	CL	
			CU	▨
			ST	▨
			SY	▨
			P	

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style

ii. Dean's skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identifies Lorange mostly is his *directive* attitude regarding the active role he plays in problem solving and decision making. He guides people by setting a clear direction and motivating them towards specific goal attainment.

ii. Dean's skills & competences

Fieldwork also suggests the following skills & competences identify Lorange's characterisation: he is visionary and entrepreneurial, has both communication and political skills, he delivers results and shows commitment and consistency in integrating key actors' interests and goals towards IMD's strategic direction.

iii. Power sources

Since the beginning of his mandate, Lorange counted on structural power sources such as *position* and *reward power* and personal sources such as *expertise* and *reputation.* Over time, he was able to accrue much power on these bases and eventually, became a *referent* to the IMD community.

iv. Power uses

In mobilising power to legitimate his initiatives, Lorange displayed lots of power uses—*articulation, coalition formation, rationality, assertiveness, decisiveness, execution, delegation* and *listening & scanning the environment.* These enabled him to deliver results and promote IMD's transformation into a top international Business School.

Table 60: Analysis of Power Mobilisation at IMD between 1993 and 2004

			IMD
			3rd episode
Power mobilisation	Type of initiative	B	▨
		I	
	Sponsor's leadership style	D	▨
		P	
	Dean's skills & competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	▨
		Commitment	▨
		Consistency	▨
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	▨
		Listen/scanning	▨
		Consensus build	

IMD Appendix VII: Tables[30]

Merger Episode. Coding: Key issues of the Strategic Agenda.

Key issues of the strategic agenda - *What?*[31]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Economic performance	▨	▨	▨	⧄		⧄	▨	▨	▨	▨	⧄	▨	▨	▨	▨	▨	⧄	▨	▨	▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄
Academic performance	▨			⧄		⧄	▨		▨	▨	⧄	▨			▨		⧄				▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄
Rules, policies & systems	▨			⧄		⧄					⧄						⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄
Faculty recruiting	▨			⧄		⧄					⧄						⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄
Portfolio programs	▨			⧄		⧄					⧄						⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄
Research development	▨			⧄		⧄				▨	⧄						⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄
Identity	▨	▨		⧄		⧄					⧄						⧄	▨		▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄
Culture	▨	▨		⧄	▨	⧄		▨		▨	⧄						⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄
Governance	▨	▨	▨	⧄		⧄					⧄						⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄
Other issues in the agenda	▨			⧄	▨	⧄					⧄				▨	▨	⧄					⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄

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[30] ⧄
No data

[31] Inter-coder reliability check score = 75% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Coding: Main generic interests prioritised by each key actor[32]

Main generic interests prioritised by Dean	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance				╱	╱	╱		╱	╱		╱	╱			╱	▨	╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Strategic agenda building, executing & aligning	▨	▨	▨	╱	╱	╱	▨	╱	╱	▨	╱	╱	▨	▨	╱	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Collegial participation in key decisions	▨			╱	╱	╱		╱	╱		╱	╱			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Governance				╱	╱	╱		╱	╱		╱	╱			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Faculty & Board support	▨			╱	╱	╱		╱	╱		╱	╱			╱	▨	╱	▨				╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Academic career				╱	╱	╱		╱	╱		╱	╱			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Other interests				╱	╱	╱		╱	╱		╱	╱			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	▨	▨	▨	╱	╱	╱	▨	▨	▨	▨	╱	▨	▨	╱	▨	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Strategic agenda building, executing & aligning				╱	╱	╱					╱			╱			╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Collegial participation in key decisions				╱	╱	╱					╱			╱			╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Governance	▨	▨	▨	╱	╱	╱					╱			╱			╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Faculty & Board support				╱	╱	╱					╱			╱			╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Academic career				╱	╱	╱					╱			╱			╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Other interests				╱	╱	╱	▨				╱	▨	▨	╱	▨		╱			▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱		╱

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[32] Inter-coder reliability check score = 87% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	▨	▨	▨	╱	╱	╱		╱		▨	╱	╱		╱	╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Strategic agenda building, executing & aligning				╱	╱	╱		╱			╱	╱		╱	╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Collegial participation in key decisions	▨	▨	▨	╱	╱	╱	▨	╱	▨		╱	╱	▨	╱	╱	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Governance				╱	╱	╱		╱			╱	╱		╱	╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Faculty & Board support				╱	╱	╱		╱			╱	╱		╱	╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Academic career	▨	▨	▨	╱	╱	╱		╱		▨	╱	╱		╱	╱	▨	╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Other interests				╱	╱	╱		╱			╱	╱	▨	╱	╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱

Coding: Key actors.

Key actors – ***Who?*** [33]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Board	▨	▨	▨	╱	╱	╱	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Dean	▨	▨	▨	╱	╱	╱		▨	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Faculty	▨	▨	▨	╱	╱	╱		▨	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Some members of the Staff				╱	╱	╱					╱						╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Other constituencies				╱	╱	╱					╱						╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱

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[33] Inter-coder reliability check score = 95% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)

Coding: Key actors' Characterisation[34]

Dean Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Leadership style																																
Directive			/	/	/	/		/	/		/	/		/			/				/	/	/	/	/	/	/	/	/	/		/
Participative	▨	▨	/	/	/	/		/	/	▨	/	/		/	▨	▨	/	▨	▨	▨	/	/	/	/	/	/	/	/	/	/	▨	/
Visionary	▨		/	/	/	/	▨	/	/		/	/	▨	/			/				/	/	/	/	/	/	/	/	/	/		/
Role model			/	/	/	/		/	/		/	/		/			/				/	/	/	/	/	/	/	/	/	/		/
Affiliate			/	/	/	/		/	/		/	/		/			/				/	/	/	/	/	/	/	/	/	/		/
Skills																																
Political			/	/	/	/		/			/			/			/				/	/	/	/	/	/	/	/	/	/		/
Interpersonal			/	/	/	/		/			/			/			/				/	/	/	/	/	/	/	/	/	/		/
Delivers results			/	/	/	/		/			/			/			/				/	/	/	/	/	/	/	/	/	/		/
Intellectual	▨	▨	/	/	/	/	▨	/	▨	▨	/	▨	▨	/	▨	▨	/	▨	▨	▨	/	/	/	/	/	/	/	/	/	/	▨	/
Background																																
Academic	▨	▨	/	/	/	/	▨	▨	▨	▨	/	▨	▨	/	▨	▨	/	▨	▨	▨	/	/	/	/	/	/	/	/	/	/	▨	/
Managerial			/	/	/	/					/			/			/				/	/	/	/	/	/	/	/	/	/		/
Values																																
Open minded	▨		/	/	/	/	/	/	/	▨	/	▨		/			/				/	/	/	/	/	/	/	/	/	/		/
Committed			/	/	/	/	/	/	/		/			/			/				/	/	/	/	/	/	/	/	/	/		/
Fairness			/	/	/	/	/	/	/		/			/			/				/	/	/	/	/	/	/	/	/	/		/
Consensus building	▨	▨	/	/	/	/	/	/	/	▨	/		▨	/	▨	▨	/	▨	▨	▨	/	/	/	/	/	/	/	/	/	/	▨	/
Assertive			/	/	/	/	/	/	/		/			/			/				/	/	/	/	/	/	/	/	/	/		/
Entrepreneur			/	/	/	/	/	/	/		/			/			/				/	/	/	/	/	/	/	/	/	/		/

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[34] Inter-coder reliability check score = 93% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Faculty Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Fragmentation																																
Micro & macro perspective	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Farmers & hunters						╱					╱						╱				╱	╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Cohesion - team						╱					╱						╱				╱	╱	╱	╱	╱	╱	╱	╱	╱	╱		╱

Board Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Role of the Chairman																																
Executive	▨	▨	▨	╱	╱	╱	▨	╱	╱	▨	╱	╱	▨	╱	▨	▨	╱	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Non-executive						╱			╱		╱	╱		╱			╱				╱	╱	╱	╱	╱	╱	╱	╱	╱	╱		╱

Coding: Key features of both inner and outer contexts[35]

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Economic environment	▨	▨	▨	╱	╱	╱		╱		▨	╱				╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱
Competitors				╱	╱	╱		╱			╱	▨			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Corporate world/customers	▨			╱	╱	╱		╱		▨	╱	▨			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Alumni				╱	╱	╱		╱			╱				╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Accreditation agencies				╱	╱	╱		╱			╱				╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Location	▨			╱	╱	╱	▨	╱	▨		╱				╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Rankings				╱	╱	╱		╱			╱	▨			╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Government				╱	╱	╱	▨	╱			╱				╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Academic networks				╱	╱	╱		╱			╱				╱		╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Donors & benefactors	▨	▨		╱	╱	╱	▨	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Climate	▨	▨	▨	╱	▨	╱	▨	╱	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Structure		▨		╱		╱		╱			╱						╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Systems				╱		╱		╱			╱						╱					╱	╱	╱	╱	╱	╱	╱	╱	╱		╱
Performance	▨	▨	▨	╱	▨	╱	▨	╱	▨	▨	╱		▨	▨			╱	▨				╱	╱	╱	╱	╱	╱	╱	╱	╱	▨	╱

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[35] Inter-coder reliability check score = 90% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Transition Episode. Coding: Key initiatives of the Strategic Agenda[36]

Key issues of the strategic agenda *What?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Economic performance	╱	▨	▨	╱	▨	▨	╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱
Academic performance	╱	▨		╱			╱	╱	▨		╱	▨	▨		╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Rules, policies & systems	╱	▨		╱			╱	╱	▨		╱			▨	╱	▨	╱				╱	╱	╱		╱	╱	╱	╱	╱		▨	╱
Faculty recruiting	╱			╱			╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Portfolio programs	╱	▨	▨	╱			╱	╱	▨	▨	╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Research development	╱			╱			╱	╱	▨		╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Identity	╱	▨		╱			╱	╱			╱				╱		╱		▨		╱	╱	╱		╱	╱	╱	╱	╱			╱
Culture	╱	▨		╱			╱	╱			╱				╱		╱		▨		╱	╱	╱		╱	╱	╱	╱	╱		▨	╱
Governance	╱			╱			╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Other issues in the agenda	╱			╱			╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱

Key actors during the transition period.

Key actors – *Who?*[37]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Board	╱	▨	▨	╱	╱		╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱
Dean	╱	▨	▨	╱	╱	▨	╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱
Faculty	╱	▨	▨	╱	╱		╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱
Some members of the Staff	╱			╱	╱		╱	╱			╱				╱		╱				╱	╱	╱	▨	╱	╱	╱	╱	╱	▨		╱
Other constituencies	╱			╱	╱		╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱

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[36] Inter-coder reliability check score = between 79% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

[37] Inter-coder reliability check score = between 100% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Coding: Key actors' Characterisation[38].

Dean Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23.	24	25	26	27	28	29	30	31	32
Leadership style																																
Directive	╱	▨	▨	╱	╱	╱	╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	╱	▨	╱
Participative	╱			╱	╱	╱	╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Visionary	╱			╱	╱	╱	╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Role model	╱			╱	╱	╱	╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Affiliate	╱			╱	╱	╱	╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Skills																																
Political	╱			╱	╱		╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Interpersonal	╱	▨		╱	╱		╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Delivers results	╱	▨	▨	╱	╱	▨	╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	╱	▨	╱
Intellectual	╱			╱	╱		╱	╱			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Background																																
Academic	╱	▨		╱	╱	╱	╱	╱		▨	╱	╱	▨	╱	╱	▨	╱			▨	╱	╱	╱		╱	╱	╱	╱	╱	╱	╱	╱
Managerial	╱	▨	▨	╱	╱	╱	╱	╱	▨	▨	╱	╱		╱	╱		╱	▨	▨		╱	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Values																																
Open minded	╱					╱					╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Committed	╱	▨		╱	╱	╱	╱	╱	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	╱	▨	╱
Fairness	╱	▨		╱	╱	╱	╱	╱	▨		╱	▨		▨	╱	▨	╱	▨			╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Consensus building	╱	▨		╱	╱	╱	╱	╱			╱				╱	▨	╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱
Assertive	╱	▨	▨	╱	╱	╱	╱	╱	▨	▨	╱		▨		╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	╱		╱
Entrepreneur	╱	▨	▨	╱	╱	╱	╱	╱	▨		╱		▨		╱		╱				╱	╱	╱		╱	╱	╱	╱	╱	╱		╱

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[38] Inter-coder reliability check score = between 92% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Faculty Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Fragmentation																																
Micro & macro perspective	/		/	/	/	/	/	/			/	/			/		/				/	/	/		/	/	/	/	/	/		/
Farmers & hunters	/	▨	/	/	/	/	/	/	▨	▨	/	/	▨	▨	/	▨	/	▨	▨	▨	/	/	/	▨	/	/	/	/	/	/	▨	/
Cohesion - team	/		/	/	/	/	/	/			/	/			/		/				/	/	/		/	/	/	/	/	/		/

Board Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Role of the Chairman																																
Executive	▨	▨	▨	/	/	/	/	/	/	▨	/	/	▨	/	/	▨	/	▨	▨	▨	/	/	/	▨	/	/	/	/	/	/	▨	/
Non-executive				/	/	/	/	/	/		/	/		/	/		/				/	/	/		/	/	/	/	/	/		/

Coding: Key features of the inner and outer contexts that influenced mostly during the transition period[39].

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Climate	╱	▨	▨	╱	▨	╱	╱	▨	▨	▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨		╱
Structure	╱	▨		╱		╱	╱		▨		╱				╱		╱		▨		╱	╱	╱	▨	╱	╱	╱	╱	╱			╱
Systems	╱			╱		╱	╱				╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Performance	╱	▨	▨	╱	▨	╱	╱			▨	╱		▨	▨	╱		╱		▨		╱	╱	╱		╱	╱	╱	╱	╱	▨	▨	╱

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Economic environment	╱	▨	▨	╱		╱	╱	▨			╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Competitors	╱			╱		╱	╱				╱	▨			╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Corporate world/customers	╱	▨	▨	╱	▨	╱	╱		▨		╱	▨	▨		╱		╱				╱	╱	╱	▨	╱	╱	╱	╱	╱			╱
Alumni	╱			╱		╱	╱				╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Accreditation agencies	╱			╱		╱	╱				╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Location	╱			╱		╱	╱				╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Rankings	╱			╱		╱	╱				╱	▨			╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Government	╱			╱		╱	╱				╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Academic networks	╱			╱		╱	╱				╱				╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Donors & benefactors	╱	▨	▨	╱		╱	╱			▨	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱

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[39] Inter-coder reliability check score = 81% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Coding: Main Generic Interests prioritisation by key actor during transition period.[40]

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	/	▨	▨	/	▨	/	/	▨	/	▨	/	▨	▨	/	/	▨	/	▨	▨	▨	/	/	/	▨	/	/	/	/	/	▨	▨	/
Strategic agenda building, executing & aligning	/			/		/	/		/		/			/	/		/				/	/	/		/	/	/	/	/			/
Collegial participation in key decisions	/			/		/	/		/		/			/	/		/				/	/	/		/	/	/	/	/			/
Governance	/	▨	▨	/		/	/		/	▨	/			/	/		/				/	/	/		/	/	/	/	/			/
Faculty & Board support	/			/		/	/		/		/			/	/		/				/	/	/		/	/	/	/	/			/
Academic career	/			/		/	/		/		/			/	/		/				/	/	/		/	/	/	/	/			/
Other interests	/			/		/	/		/		/	▨	▨	/	/		/				/	/	/		/	/	/	/	/			/

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[40] Inter-coder reliability check score = between 75% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Main generic interests prioritised by Dean	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	╱	▨	▨	╱	▨	▨	╱	▨	▨	▨	╱	╱	▨	▨	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱
Strategic agenda building, executing & aligning	╱			╱			╱		▨		╱	╱			╱		╱			▨	╱	╱	╱		╱	╱	╱	╱	╱			╱
Collegial participation in key decisions	╱			╱			╱				╱	╱			╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Governance	╱			╱			╱				╱	╱			╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Faculty & Board support	╱	▨		╱			╱			▨	╱	╱	▨		╱	▨	╱	▨		▨	╱	╱	╱		╱	╱	╱	╱	╱			╱
Academic career	╱			╱			╱				╱	╱			╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Other interests	╱			╱			╱				╱	╱		▨	╱	▨	╱				╱	╱	╱		╱	╱	╱	╱	╱			╱

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	╱	▨	▨	╱	▨	╱	╱	▨	╱	▨	╱	╱		╱	╱		╱				╱	╱	╱	▨	╱	╱	╱	╱	╱			╱
Strategic agenda building, executing & aligning	╱			╱		╱	╱		╱		╱	╱		╱	╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Collegial participation in key decisions	╱	▨	▨	╱	▨	╱	╱		╱	▨	╱	╱	▨	╱	╱	▨	╱	▨	▨	▨	╱	╱	╱	▨	╱	╱	╱	╱	╱	▨	▨	╱
Governance	╱			╱		╱	╱		╱		╱	╱		╱	╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Faculty & Board support	╱			╱		╱	╱		╱		╱	╱		╱	╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Academic career	╱	▨	▨	╱		╱	╱	▨	╱		╱	╱	▨	╱	╱	▨	╱				╱	╱	╱		╱	╱	╱	╱	╱			╱
Other interests	╱			╱		╱	╱		╱		╱	╱		╱	╱		╱				╱	╱	╱		╱	╱	╱	╱	╱			╱

Consolidation & Success. Coding: Key issues in the Strategic Agenda.

Key issues of the strategic agenda *What?*[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Economic performance	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨
Academic performance	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨		▨	▨	▨		▨	▨	▨	╱	▨		▨	▨	▨		▨	╱		▨	▨
Rules, policies & systems	╱	▨	▨	▨	▨		╱	▨		▨				▨	▨	▨	▨	▨	▨	▨	╱			▨					╱	▨	▨	
Faculty recruiting	╱	▨	▨	▨	▨		╱	▨		▨				▨				▨			╱								╱			
Portfolio programs	╱	▨	▨	▨	▨		╱	▨		▨		▨	▨	▨	▨	▨		▨	▨		╱	▨	▨		▨				╱	▨		
Research development	╱	▨	▨	▨	▨		╱	▨		▨				▨	▨	▨		▨	▨		╱	▨	▨					▨	╱	▨		
Identity	╱	▨	▨	▨	▨		╱	▨		▨		▨	▨	▨		▨		▨	▨		╱			▨					╱			
Culture	╱	▨	▨	▨	▨	▨	╱	▨		▨				▨				▨	▨		╱	▨		▨			▨	▨	╱	▨	▨	
Governance	╱	▨	▨	▨	▨		╱														╱								╱			
Other issues in the agenda	╱						╱														╱								╱			

Coding: Key actors during the period of Consolidation & Success

Other constituencies							╱														╱				▨				╱			

Key actors – *Who?*[41]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Board		▨	▨	▨			╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨
Dean		▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨
Faculty		▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨
Some members of the Staff			▨	▨	▨		╱	▨		▨	▨						▨	▨	▨		╱	▨		▨		▨			╱	▨	▨	▨

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[41] Inter-coder reliability check score = 95% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Coding: Key actors' characterisation[42]

Board Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Role of the Chairman																																
Executive					/	/	/		/			/									/				/	/	/		/	/		
Non-executive	▨	▨	▨	▨	/	/	/	▨	/	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	/	/	/	▨	/	/	▨	▨

Faculty Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Fragmentation																																
Micro & macro perspective							/														/								/	/		
Farmers & hunters							/														/								/	/		
Cohesion – team	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨

Dean Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Leadership style																																
Directive		▨	▨	▨	▨	▨	/	▨		▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨
Participative			▨	▨	▨	▨	/											▨			/	▨	▨	▨					/	/	▨	
Visionary	▨		▨				/	▨	▨	▨	▨	▨	▨	▨	▨	▨		▨	▨	▨	/			▨				▨	/	/		
Role model			▨				/			▨			▨			▨		▨			/							▨	/	/		
Affiliate							/														/								/	/		
Skills																																
Political		▨					/										▨		▨		/	▨							/			
Interpersonal		▨	▨	▨		▨	/	▨		▨				▨	▨	▨		▨	▨		/	▨		▨				▨	/			
Delivers results	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨
Intellectual							/																						/			
Background																																
Academic	/	▨	▨	▨	▨		/	▨	▨	▨	▨	▨	▨	▨	▨	▨		▨			/			▨			▨	▨	/	/	▨	/
Managerial	/	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	/	/	▨	/
Values																																
Open minded	/		▨	▨	▨		/						▨	▨		▨		▨			/								/	/		
Committed	/	▨	▨	▨	▨		/	▨		▨		▨	▨	▨	▨	▨		▨	▨	▨	/	▨		▨	▨		▨	▨	/	/	▨	
Fairness	/	▨	▨	▨	▨	▨	/	▨		▨		▨	▨	▨	▨	▨		▨	▨		/	▨	▨					▨	/	/	▨	▨
Consensus building	/		▨	▨	▨		/						▨	▨		▨	▨	▨			/	▨	▨	▨	▨			▨	/	/	▨	▨
Assertive	/	▨	▨	▨	▨	▨	/			▨	▨	▨	▨	▨	▨	▨	▨	▨	▨		/	▨		▨					/	/	▨	▨
Entrepreneur	/	▨	▨	▨	▨		/	▨	▨	▨	▨	▨	▨	▨	▨	▨		▨	▨		/				▨	▨		▨	/	/		

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[42] Inter-coder reliability check score = 93% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)

Coding: Key features of the inner and outer contexts[43].

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Economic environment	/						/	▨													/											
Competitors	/		▨	▨	▨	▨	/			▨		▨									/								▨	▨	▨	
Corporate world/customers	/	▨	▨	▨	▨		/	▨	▨	▨	▨	▨	▨	▨		▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Alumni	/				▨		/														/											
Accreditation agencies	/						/														/											
Location	/						/														/											
Rankings	/		▨		▨		/	▨				▨	▨								/											▨
Government	/						/														/											
Academic networks	/						/														/											
Donors & benefactors	/		▨		▨		/		▨			▨			▨		▨	▨			/											

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Climate	/				▨		/	▨					▨			▨		▨	▨		/	▨		▨	▨						▨	▨
Structure	/		▨		▨		/						▨			▨		▨	▨		/		▨	▨				▨	▨		▨	▨
Systems	/	▨	▨		▨		/	▨	▨	▨	▨	▨	▨	▨	▨	▨		▨	▨		/		▨	▨			▨	▨	▨	▨	▨	▨
Performance	/	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	▨		▨			▨	▨	▨	▨

Each number (1 to 32) represents each interviewee

[43] Inter-coder reliability check score = 78% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)

Each number (1 to 32) represents each interviewee

Coding: Main Generic Interests prioritization by each key actor[44]

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	╱	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	▨	▨	╱	╱	▨	╱
Strategic agenda building, executing & aligning	╱			▨		╱	╱											▨		▨	╱				▨	╱		▨	╱	╱		╱
Collegial participation in key decisions	╱					╱	╱														╱					╱			╱	╱		╱
Governance	╱					╱	╱				▨										╱					╱			╱	╱		╱
Faculty & Board support	╱					╱	╱														╱					╱			╱	╱		╱
Academic career	╱					╱	╱														╱					╱			╱	╱		╱
Other interests	╱					╱	╱					▨			▨						╱					╱			╱	╱		╱

Main generic interests prioritised by Dean	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱		▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Strategic agenda building, executing & aligning	╱	▨	▨			▨	╱	▨	▨	▨	▨			▨	▨	▨	▨	▨	▨	▨	╱	▨		▨	▨			▨		▨	▨	▨
Collegial participation in key decisions	╱						╱														╱											▨
Governance	╱		▨				╱												▨	▨	╱											
Faculty & Board support	╱	▨	▨	▨	▨		╱			▨			▨		▨	▨	▨	▨	▨	▨	╱	▨	▨		▨			▨	▨		▨	
Academic career	╱						╱	▨			▨										╱											
Other interests	╱						╱														╱											

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[44] Inter-coder reliability check score = 77% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 32) represents each interviewee

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Performance	╱	▨	▨	▨			╱	▨		▨	▨	╱	▨	▨	▨	▨			▨		╱		▨	▨			▨	▨	▨			▨
Strategic agenda building, executing & aligning	╱						╱					╱	▨								╱											
Collegial participation in key decisions	╱	▨	▨	▨	▨		╱	▨	▨	▨	▨	╱				▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨		▨	▨	▨	▨	▨
Governance	╱						╱					╱									╱											
Faculty & Board support	╱						╱					╱									╱											
Academic career	╱	▨	▨	▨	▨	▨	╱			▨	▨	╱		▨	▨	▨		▨	▨		╱			▨								▨
Other interests	╱						╱					╱									╱											

INSEAD Appendix I: INSEAD's history[45]

1957	INSEAD founded, three months after the Treaty of Rome.
1960	First MBA graduates in Fontainebleau: 52 students from 14 countries. INSEAD Alumni Association created.
1968	First executive development programme.
1969	Opening of the School's Fontainebleau forest campus.
1971	Creation of CEDEP[46], the European Centre for Continuing Education.
1974	First programme on Asian business.
1976	Launch of the INSEAD Alumni Fund.
1980	INSEAD Euro-Asia Centre opens in Fontainebleau.
1989	Launch of the PhD programme.
1995	Launch of the first INSEAD Development Campaign.
2000	***January:*** First Singapore MBA class - 53 students from 26 countries ***August:*** INSEAD's first development campaign achieves €120 million in corporate and private sponsorship. ***October:*** Official opening of the INSEAD Asia Campus.
2001	***March:*** Announcement of the INSEAD-Wharton Alliance. ***May:*** First Wharton MBAs study at INSEAD in Fontainebleau ***October:*** 25 INSEAD MBA participants study at Wharton's Philadelphia campus
2003	Launch of the **INSEAD Executive MBA** programme
2004	Opening of the Plessis Mornay Learning Space in Fontainebleau Launch of the second development campaign: The INSEAD Campaign

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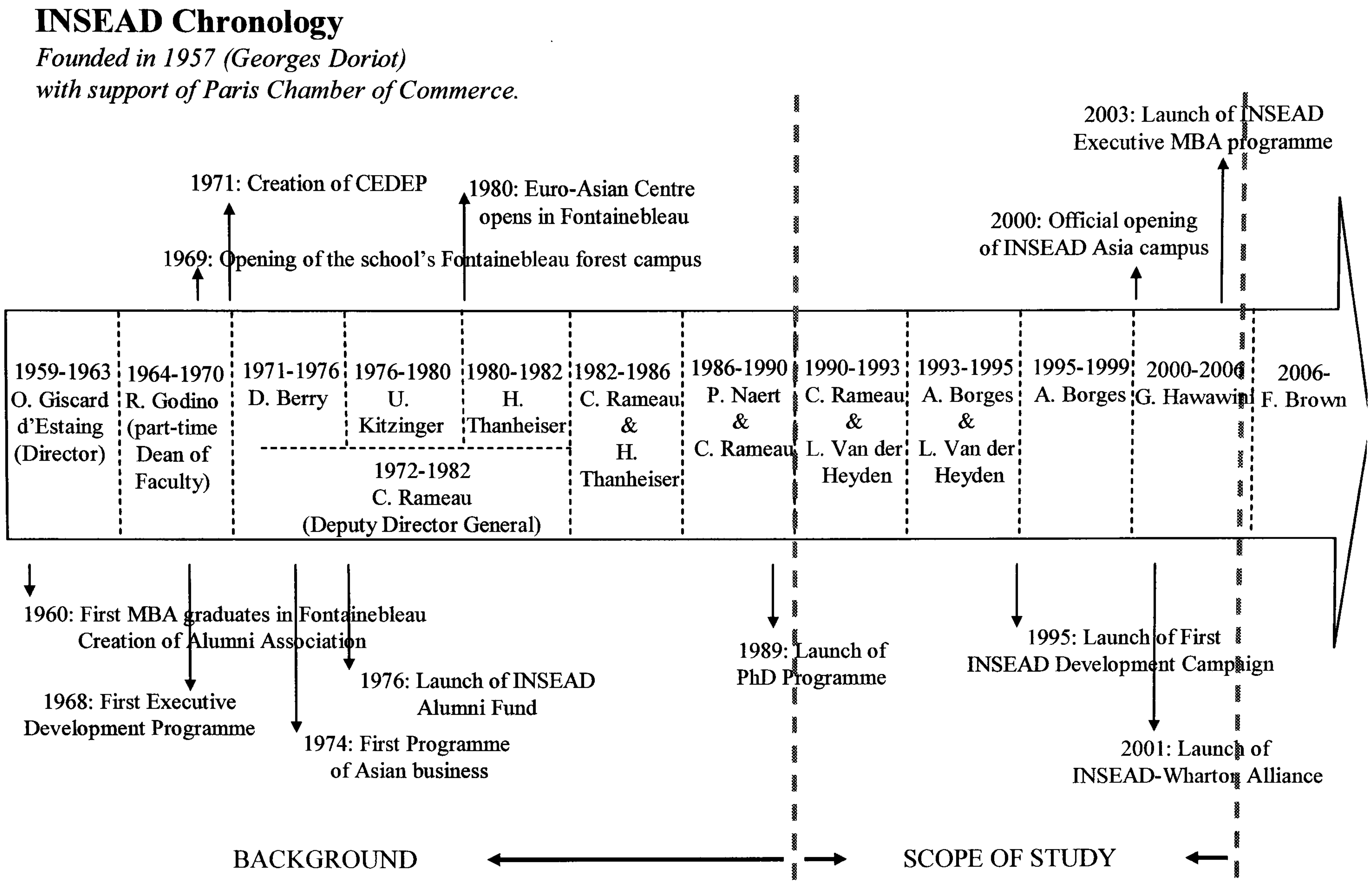
[45] www.insead.edu

[46] Formed with INSEAD's support to assist European corporations in their management development programmes

INSEAD Appendix II: Chronological tracing of INSEAD



Source: Barsoux (2000)

INSEAD Appendix III: INSEAD in Figures

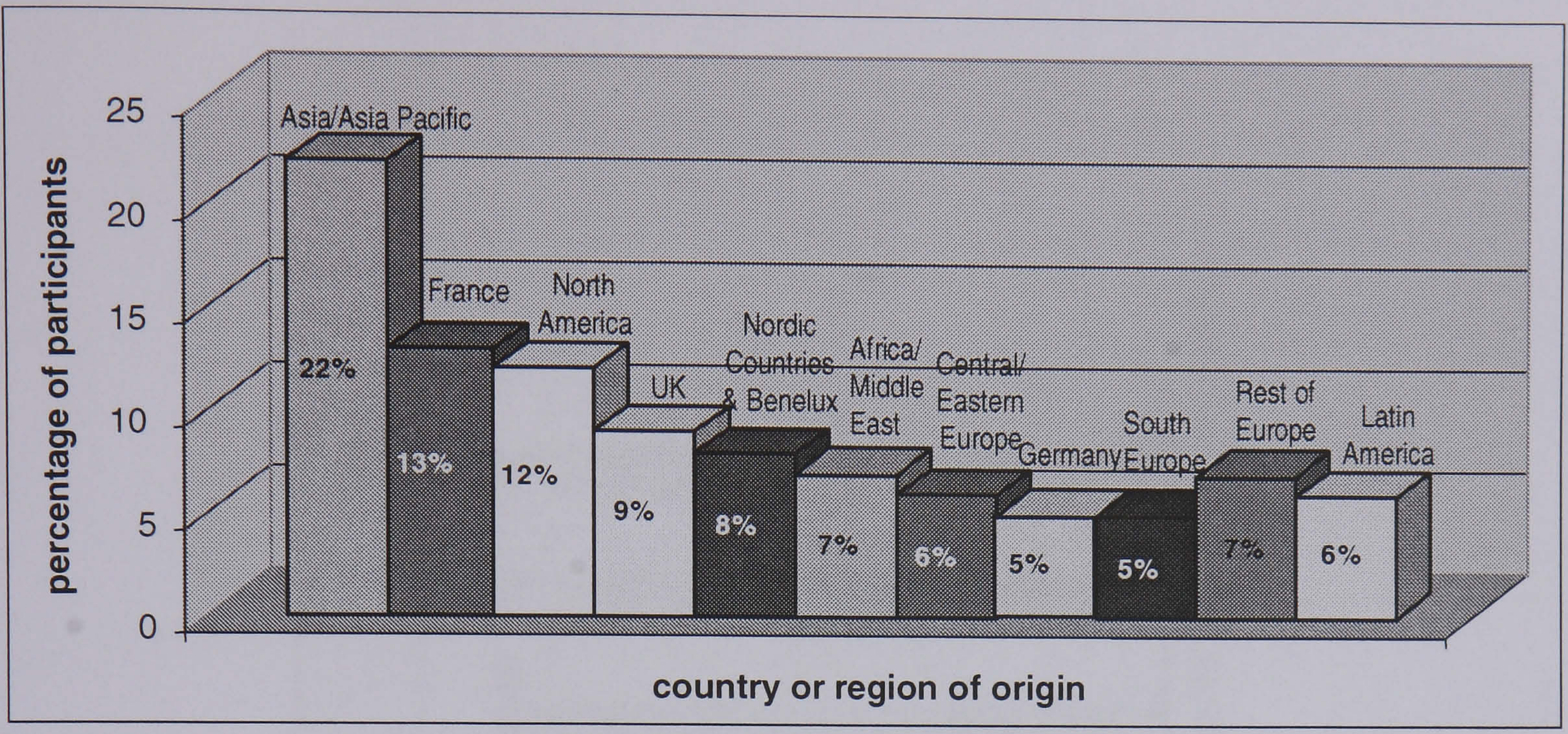
2004 INSEAD's Resident Faculty by nationality

Argentina	1	Hungary	1	Romania	2
Austria	3	India	12	Russia	1
Belgium	13	Ireland	1	Spain	3
Bulgaria	1	Israel	2	Switzerland	4
Canada	5	Italy	6	Taiwan	1
China	2	Korea	2	Turkey	3
Finland	2	The Netherlands	2	UK	8
France	18	New Zealand	1	USA	33
Germany	9	Norway	1	Venezuela	1
Greece	3	Poland	1		
Hong Kong	1	Portugal	1		

Five-year overview of INSEAD Resident Faculty

	2000	**2001**	**2002**	**2003**	**2004**
Faculty members	135	145	141	147	144
of whom are resident Faculty on Asian campus	14	19	25	31	33

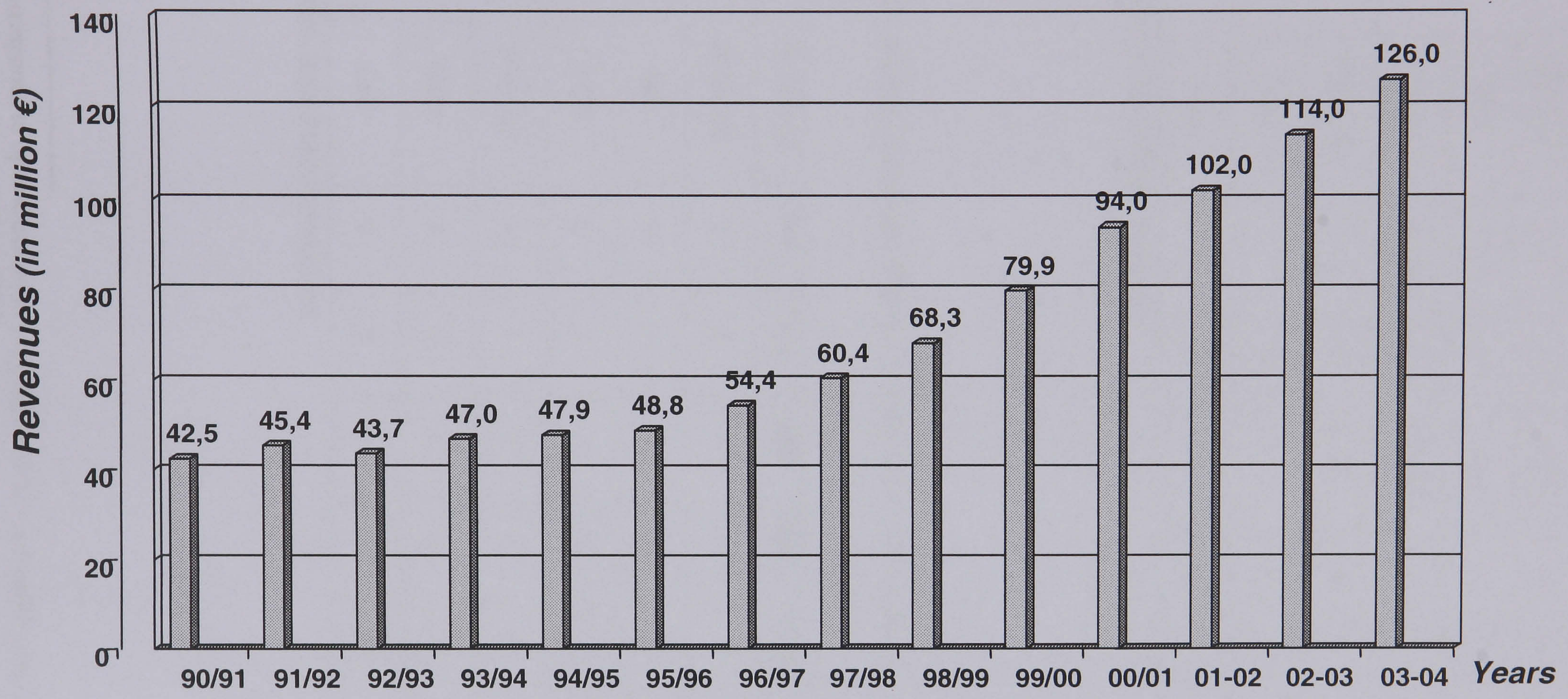
2004 MBA Profile by country or region of origin



Five-year overview of INSEAD MBA Programme participants

	2000	2001	2002	2003	2004
MBA programme participants	681	773	836	829	870
of whom started on Asian campus	53	114	244	244	281

INSEAD's Financial outlook (in € millions as of August 31st)



INSEAD's place among world wide Business Schools as to Executive Education

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times[47]	**INSEAD**	**15/11**	**11/5**	**15/8**	**9**	**11**
	IMD	**4/3**	**5/3**	**11/2**	**6**	**4**
	LBS	**11/15**	**4/13**	**14/11**	**7**	**7**
Business Week	**INSEAD**	**-**	**2**	**-**	**5**	**-**
	IMD	**-**	**8**	**-**	**8**	**-**
	LBS	**-**	**7**	**-**	**10**	**-**

Sources: www.ft.com; www.businessweek.com

INSEAD's place among European Business Schools as to the MBA

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times	**INSEAD**	**2**	**2**	**1**	**1**	**1**
	IMD	**3**	**3**	**3**	**3**	**3**
	LBS	**1**	**1**	**2**	**2**	**2**
Business Week	INSEAD	**1**	**1**	**1**	**1**	**3**
	IMD	**4**	**4**	**3**	**3**	**2**
	LBS	**2**	**2**	**4**	**4**	**5**

Sources: www.ft.com; www.businessweek.com

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[47] a/b where 'a' corresponds to open-enrollment programs and 'b', to custom programs. Financial Times delivers combined rankings as from 2003.

INSEAD's place among world wide Business Schools as to the MBA

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times	**INSEAD**	**9**	7	**6**	**6**	**4**
	IMD	**11**	**11**	**14**	**13**	**12**
	LBS	**8**	**8**	9	7	**4**
Business Week[48]	**INSEAD**	**1**	**-**	**1**	**-**	**3**
	IMD	**4**	**-**	**3**	**-**	**2**
	LBS	**2**	**-**	**4**	**-**	**5**

Sources: www.ft.com; www.businessweek.com

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[48] Non-US Business Schools.

INSEAD Appendix IV: Analytical Tracing of critical "issues" between 1990 and 1995

Data supporting the foregoing analysis

To better understand and analyse this period of INSEAD, the following tables depict the analytical tracing of its different aspects. Table 61 facilitates the identification of those characteristics of key actors that shape their prioritisation of strategic issues. Table 62 and 63 show an analytical view of the influence of the characterisation of features of both inner and outer contexts, and Table 64 focuses on the prioritisation of the strategic issues by each key actor. The importance of this rests on the fact that the political perspective emphasises the diversity of interests among key actors and what triggers some issues to prevail instead of others.

Finally, Table 65 shows the prioritisation that each key actor makes regarding their own interests, the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing, the influence that features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been prioritised in the School's agenda instead of others, and *how power* is *mobilised* in order to make some interests prevail over others.

Table 61: Key actors' characterisation during INSEAD's period 1990 - 1995

Key actor	Characteristic	1990 – 1995
Dean Claude Rameau	Leadership style	Visionary
	Skills	Interpersonal
	Values	Entrepreneur
	Background	Managerial
Dean Ludo Van der Heyden	Leadership style	Participative
	Skills	Intellectual
	Values	Open minded Committed Consensus building
	Background	Academic
Dean Antonio Borges	Leadership style	Directive Visionary
	Skills	Political
	Values	Committed Fairness Assertive Entrepreneur
	Background	Academic
Faculty	Background	Entrepreneurial/ US/teaching/PhDs
	Fragmentation	US vs. non-US-oriented Teaching vs. research-oriented Old vs. new comers
Board	Background	Entrepreneurial Founders
	Role of Chairman	Bridge

Table 62: Characterisation of features of the inner context during INSEAD's period 1990 – 1995

Key features	Period 1990 - 1995
Performance: Income/profits	Budget with economic difficulties
Climate	Sense of crisis due to co-Deanship structure Tensions between teaching & research oriented Faculty old & new comers US education background & European Tensions due to economic constraints
Culture	Faculty with different background: teaching vs. research US vs. European Entrepreneurial No dominant nationality Strong sense of ownership Increasing US educational background
Systems	Faculty evaluation system Executive and academic committees Academic departments Reinforcement of Faculty recruitment & promotion systems
Structure	Dual governance structure 90-93: complementary roles 93-95: overlap roles

Table 63: Characterisation of features of the outer context during INSEAD's period 1990 - 1995

Key features	Period 1990 - 1995
Economic environment	Increasing globalisation in business Gulf War
Corporate customer	Decreasing due to economic recession
Competition	Stronger competition in the internationalisation & globalisation of management education industry Transition in School's positioning: from top European to top world-class MBA top position in Europe 1st league in executive education in Europe
Donors/benefactors	Not critical
Alumni	Not critical
Rankings	Not assessed yet
Accreditation agencies	Not critical
Government	Not critical

Table 64: Prioritisation of MGI by key actors during the period 1990 - 1995

Key actor	1990 – 1995
Deans	1) Strategic agenda building 2) Performance
Faculty	1) Academic career 2) Fair workload & compensation systems
Board	1) Reputation

Table 65: Strategic agenda building and executing through prioritisation of MGI during the period 1990 - 1995

Key actor	Prioritisation of main generic interests	Power mobilisation		Issue legitimisation	*Real* prioritisation of MGI
Deans	1) Strategic agenda building 2) Performance	Source: Position Referent due to leadership experience (Rameau, Borges) Referent as academic (Van der Heyden, Borges)	Use: *Rameau* Execution Commitment *Van der Heyden* Participating Faculty *Borges* Rationality Coalition formation Assertiveness	Inner context: Crisis of the dual governance structure Outer context: Economic environment – recession due to Gulf War crisis Stronger competition in the internationalisation & globalisation of management education industry	1) Strategic agenda building 2) Performance
Faculty	1) Academic career 2) Fair workload & compensation systems	Source: Expertise Network Referent as academic	Use: Coalition formation		
Board	1) Reputation	Source: Position Referent as business men	Use: Rationality Bridge between Dean & Board		

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship
ii. Issue Selling
iii. Alignment of key actors' MGI prioritisation
iv. Agenda Structure
v. Issue legitimisation: features of both outer and inner context

i. Issue sponsorship

Antonio Borges sponsored this breakthrough set of initiatives. The creation of INSEAD's PhD programme and the recruitment of US PhD Faculty were an antecedent. The succession of Philippe Naert by Ludo Van der Heyden aimed at continuing to strengthen INSEAD's research strategy, competences and capabilities. During his co-Deanship with Claude Rameau, Van der Heyden was oriented towards the consolidation of the PhD Programme and promoting Faculty with a research profile. When Antonio Borges was appointed, he reinforced this strategy of enhancing the research profile of INSEAD.

Improving INSEAD's research capabilities (launching PhD programme, hiring Faculty with strong research background, etc.) was based mainly on the vision of the co-Deans (P. Naert, Claude Rameau, Ludo Van der Heyden and

Antonio Borges) rather than on the management education market demands. Thus, *issue-sponsorship* was the key driver in promoting and legitimating this strategic issue that critically influenced INSEAD's nature.

ii. Issue Selling

Antonio Borges carried out a strong issue selling process to make the Faculty understand and share these initiatives, underlying their relevance in reaching INSEAD's international strategy and success in order to be a top worldwide Business School.

To do so, he appealed to the INSEAD community's background—strongly entrepreneurial- and focused on the need to launch a capital campaign aimed at achieving the economic resources that would finance the School's research activities. He counted on Claude Janssen's (Chairman of the Board) support, an entrepreneurial and risk-taking business man who facilitated Borges to achieve the Board's approval.

iii. Alignment of MGI prioritised by key actors

INSEAD was recognised as a top European Business School with strong international roots within the management education industry. However, within the academic community INSEAD's reputation was still weak in terms of research standards. Thus, the task of redirecting INSEAD's focus towards a more research-oriented institution became a major challenge particularly, because that was not the usual market *'demand'* that had motivated INSEAD's entrepreneurial spirit since its foundation.

In this regard, legitimisation of these strategic initiatives required not only a clear vision and commitment, but also the capacity to communicate the vision in terms of a *market claim* if they wanted to reach the next stage for INSEAD to become a top tier Business School world-wide. In other words, they had the capacity to appeal to INSEAD's values of being market-driven for people to align. Borges displayed a clear activity of communication and political skills in articulating his interests with those of the other key actors. He appealed to both Faculty and Board's interests in order to make them understand that those initiatives he promoted were highly related with INSEAD's entrepreneurial and international culture.

iv. Agenda structure

Borges introduced such initiatives as sequential steps towards the evolution of INSEAD's direction according to the School's strategic agenda previously set by Rameau and Naert.

v. Issue legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this first episode were *corporate customers' demands, donors &*

benefactors, and *competition*; whereas *performance* was the legitimating feature of the inner context.

As for those features delegitimating the study found *climate, culture,* and *systems* (inner context).

Table 66: Analysis of Issue Legitimisation at INSEAD between 1990 and 1995

				INSEAD
				1st episode
Legitimisation	Type of initiative		B	▨
			I	
	Issue selling			▨
	Alignment MGI			▨
	Features legitimating	OC	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	
		IC	CL	
			CU	
			ST	
			SY	
			P	▨
	Features delegitimating	OC	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		IC	CL	▨
			CU	▨
			ST	
			SY	▨
			P	

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style

ii. Dean's skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identifies Borges mostly is his *directive* attitude to motivate others in order to support his interests and achieve his goals.

ii. Dean's skills & competences

With regard to his skills & competences, the study identified Borges as *visionary*, with *communicating, political* and *entrepreneurial skills.* He showed to be able to *integrate* key actors' interests and goals and thus, *achieve effective results.*

iii. Power sources

Borges' power was based in diverse *power sources* such as *position, reward* and *resource generation & allocation* (structural power sources) and *expertise, reputation* and *referent power* (personal power sources).

iv. Power uses

In mobilising power to legitimate his initiatives, Borges listened to other people. He showed he could *articulate* them with the School's vision. He was also *rational, assertive* and *decisive* in carrying out strategic directions and he *built coalitions* with other people.

Table 67: Analysis of Power Mobilisation at INSEAD between 1990 and 1995[49]

			INSEAD
			1st episode
Power mobilisation	Type of initiative	B	▨
		I	
	Sponsor's leadership style	D	▨
		P	
	Dean's skills & competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	▨
		Commitment	▨
		Consistency	
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	▨
		Listen/scanning	▨
		Consensus build	

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[49] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

INSEAD Appendix V: Analytical tracing of critical 'issues' during Antonio Borges' episode (1995 – 1999)

Data supporting the foregoing analysis

In observing the episode related to the purpose of launching INSEAD's second campus during the period 1995 - 1999, the study suggests it consisted of a *successful breakthrough initiative* since it implied a turning point in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

A clear vision validated by market trends and articulated with the INSEAD's culture and strategy, combined with the ability to build coalitions among key actors, together with a well gained reputation in strengthening the school's economic and financial shape, were crucial for Antonio Borges to succeed in these bold initiatives.

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship

ii. Issue Selling

iii. Alignment of key actors' MGI prioritisation

iv. Agenda Structure

v. Issue legitimisation: features of both outer and inner context

i. Issue sponsorship

Antonio Borges sponsored this successfully implemented breakthrough set of initiatives. Just as in the foregoing episode (deepening INSEAD's research strategy and profile), Borges appealed to INSEAD's entrepreneurial and risk-taking culture to broaden the issue sponsorship and gain enough support.

ii. Issue Selling

For the past years, INSEAD had been a major executive education provider in Asia. Antonio Borges called upon both Faculty and Board's entrepreneurial and risk-taking spirit, getting the sufficient support to lead the INSEAD community towards such endeavour as part of a direction previously delineated.

iii. Alignment of MGI prioritised by key actors

Just as along the previous episode (deepening INSEAD's research strategy and profile), Borges aligned key actors' MGI towards that direction he meant to reach—launching a second campus. Claude Janssen's background (entrepreneurial and risk-taking) facilitated him to get the Board's support and encourage the Faculty about the convenience of his vision.

iv. Agenda structure

Likewise episode 1, Borges introduced this set of initiatives as sequential steps towards the evolution of INSEAD's internationalisation.

v. Issue legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this second episode were *corporate customers' demands, donors & benefactors, government, competition* and *location*; whereas *culture* and *performance* were the legitimating feature of the inner context. As for those features delegitimating the study found *alumni and economic environment* (outer context).

Table 68: Analysis of Issue Legitimisation at INSEAD between 1995 and 1999

				INSEAD
				2nd episode
Legitimisation	Type of initiative		B	▨
			I	
	Issue selling			▨
	Alignment MGI			▨
	Features legitimating	OC	CCD	▨
			A	
			DB	▨
			G	▨
			C	▨
			L	▨
			EE	
		IC	CL	
			CU	▨
			ST	
			SY	
			P	▨
	Features delegitimating	OC	CCD	
			A	▨
			DB	
			G	
			C	
			L	
			EE	▨
		IC	CL	
			CU	
			ST	
			SY	
			P	

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style
ii. Dean's skills & competences
iii. Power sources
iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identifies Borges mostly is his *directive* attitude to motivate others in order to support his interests and achieve his goals.

ii. Dean's skills & competences

With regard to Borges' skills & competences, the study identified the following: *visionary*, *communication*, *delivers results*, *political skills*, *entrepreneur*, *commitment* and *integration.*

iii. Power sources

Borges based his power on the following sources: *position, reward* and *resource generation & allocation* (structural power sources) and *expertise, reputation* and *referent power* (personal power sources).

iv. *Power uses*

In mobilising power to legitimate his initiatives, Borges employed the following tactics: *articulation, coalition formation, rationality, assertiveness, decisiveness, execution, delegation,* and *listening & scanning the environment.*

Table 69: Analysis of Power Mobilisation at INSEAD between 1995 and 1999[50]

			INSEAD
			2nd episode
Power mobilisation	Type of initiative	B	▨
		I	
	Sponsor's leadership style	D	▨
		P	
	Dean's skills & competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	▨
		Commitment	▨
		Consistency	
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	▨
		Listen/scanning	▨
		Consensus build	

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[50] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

INSEAD Appendix VI: Analytical tracing of critical 'issues' during Gabriel Hawawini's episode (2000 – 2004)

To better understand and analyse this period of INSEAD, the following tables depict the analytical tracing of its different aspects. Table 69 facilitates the identification of those characteristics of key actors that shape their prioritisation of strategic issues. Table 70 and 71 show an analytical view of the influence of the characterisation of features of both inner and outer contexts, and Table 72 focuses on the prioritisation of the strategic initiatives by each key actor. The importance of this rests on the fact that the political perspective emphasises the diversity of interests among key actors and what triggers some issues to prevail instead of others.

Finally, Table 73 shows the prioritisation that each key actor makes regarding their own interests, the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing, the influence that characterisation of features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been raised to the School's agenda instead of others, and *how power* is *mobilised* in order to make some interests prevail over others.

Table 70: Key actors' characterisation during INSEAD's period 2000 – 2004

Key actor	Characteristic	2000 – 2005
Dean Borges	Leadership style	Participative
	Skills	Delivers results
	Values	Entrepreneur Committed Assertive Consensus building Open minded
	Background	Academic
Faculty	Background	Entrepreneurial/ US/teaching/PhDs
	Fragmentation	US vs. non-US oriented Teaching vs. research-oriented
Board	Background	Conservative Alumni
	Role of Chairman	Audit/conservative

Table 71: Characterisation of features of the inner context during INSEAD's period 2000 – 2004

Key features	Period 2000 – 2005
Performance: Income/profits	Financial recovery
Climate	Worries about academic, commercial, economic & managerial challenges in slow down context due to SARS & terrorism
Culture	Entrepreneurial Strong roots in Asia Stress due to Singapore campus start-up & delivery
Systems	Economic incentives with facilities to Faculty established in Singapore
Structure	Committee of Deans Creation of two deputy Deans: Faculty & Research Administration & Operations

Table 72: Characterisation of features of the outer context during INSEAD's period 2000 - 2004

Key features	Period 2000 – 2004
Economic environment	SARS & global terrorism Market recovery after South-East Asia economic crisis
Corporate customer	1st executive education provider in Asia for the last decades
Competition	Alliances (INSEAD – Wharton alliance)
Donors/benefactors	Not accredited
Alumni	Strong presence in INSEAD's Board
Rankings	Not accredited
Accreditation agencies	Not accredited
Government	Not accredited

Table 73: Prioritisation of key actors' MGI during the period 2000 - 2004

Key actor	2000 – 2004
Dean	1) Strategic agenda building & executing 2) Performance
Faculty	1) Collegial participation in key decisions 2) Academic career
Board	1) Performance 2) Reputation

Table 74: Strategic agenda building and executing through prioritisation of MGI during the period 2000 - 2004

Key actor	Prioritisation of main generic interests	Power mobilisation		Issue legitimisation	*Real* prioritisation of MGI
Dean	1) Strategic agenda building & executing 2) Performance	Source: Position Deliver results Academic & managerial Referent	Use: Participative Consensus building Leading task-forces Commitment	Inner context: Entrepreneurial spirit Strong roots in Asia Stress due to Singapore campus start-up & delivery Expectation about academic, commercial, economic & managerial challenges Growing complexity in managing one School, two campuses Outer context: SARS & global terrorism Market recovery after South-East Asia crisis	1) Performance 2)Collegial participation in key decisions
Faculty	1) Collegial participation in key decisions 2) Academic career	Source: Teaching expertise vs. research expertise	Use: Coalition formation		
Board	1) Performance 2) Reputation	Source: Position	Use: Rationality Audit Board		

Episode 3 - Making the Singapore campus work

In observing the episode related to the purpose of making the Singapore campus work between 2000 and 2003, the study suggests it consisted of an incremental *initiative* since it implied the continuity of a strategy which had been previously set in the School's strategic agenda.

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship
ii. Issue Selling
iii. Alignment of key actors' MGI prioritisation
iv. Agenda Structure
v. Issue legitimisation: features of both outer and inner context

i. Issue sponsorship

Gabriel Hawawini strongly sponsored this incremental set of initiatives since he was appointed to undertake the specific task of making the Singapore campus work. He was known as a man who delivered results and had enough expertise to align be able to align people's interest and accomplish such endeavour.

ii. Issue Selling

Since he had been specifically appointed with the mandate of making the Singapore campus work, he had no need to undertake any issue selling.

iii. Alignment of MGI prioritised by key actors

Hawawini's interest was clearly aligned to those of the other key actors. They all wanted the Singapore campus to work and focused on achieving good results.

iv. Agenda structure

The Singapore campus was already part of INSEAD's strategic agenda at the time of episode 3. Thus, making it happen was merely incremental.

v. Issue legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this second episode were *corporate customers' demands* and *competition*; whereas *climate, culture, systems, structure* and *performance* were the legitimating features of the inner context.

As for those features delegitimating the study found *location and economic environment* (outer context).

Table 75: Analysis of Issue Legitimisation at INSEAD between 2000 and 2004

				INSEAD
				3rd episode
Legitimisation	Type of initiative		B	
			I	▨
	Issue selling			
	Alignment MGI			▨
	Features legitimating	OC	CCD	▨
			A	
			DB	
			G	
			C	▨
			L	
			EE	
		IC	CL	▨
			CU	▨
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	OC	CCD	
			A	
			DB	
			G	
			C	
			L	▨
			EE	▨
		IC	CL	
			CU	
			ST	
			SY	
			P	

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style
ii. Dean's skills & competences
iii. Power sources
iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identifies Hawawini's mostly is his *participative* attitude.

ii. Dean's skills & competences

With regard to his skills & competences shown along episode 3, the study identified the following: *visionary*, *communication, delivers results, entrepreneur, commitment* and *integration.*

iii. Power sources

Hawawini based his power on the following sources: *position, reward* and *resource generation & allocation* (structural power sources) and *expertise, reputation* and *referent power* (personal power sources).

iv. Power uses

In mobilising power to legitimate his initiatives, Hawawini employed the following tactics: *articulation, coalition formation, rationality, assertiveness, decisiveness, execution, delegation, listening & scanning the environment* and *consensus building.*

Table 76: Analysis of Power Mobilisation at INSEAD between 2000 and 2004[51]

			INSEAD
			3rd episode
Power mobilisation	Type of initiative	B	
		I	▨
	Sponsor's leadership style	D	
		P	▨
	Dean's skills & competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	
		Entrepreneur	▨
		Commitment	▨
		Consistency	▨
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	▨
		Listen/scanning	▨
		Consensus build	▨

Episode 4 – Launching INSEAD's third campus

In observing the episode related to the purpose of launching INSEAD's third campus in 2004, the study suggests it consisted of a *breakthrough* initiative since it implied a turning point in terms of the School's strategic direction, resource allocation and organisational capabilities, culture, systems and structure.

From an overall perspective, the study considered the set of initiatives included in this fourth episode as *blocked* due to the following outputs:

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[51] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

Hawawini had conditioned his reappointment to the Faculty's decision to launch INSEAD's third campus in the US; Claude Janssen was replaced by a new Chairman (Cees Van Lede) who was an alumni and who disagreed with Hawawini's decision; the members of the Board were mostly alumni and were conservative regarding the INSEAD brand; given that launching the Singapore campus had been quite an endeavour, the Faculty was not ready to repeat a similar experience in the US.

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship
ii. Issue Selling
iii. Alignment of key actors' MGI prioritisation
iv. Agenda Structure
v. Issue legitimisation: features of both outer and inner context

i. Issue sponsorship

Gabriel Hawawini sponsored the set of initiatives intended to launch INSEAD's third campus. However, this sponsorship was weak since it had no support of the other key actors.

ii. Issue Selling

The study did not find any evidence of an effective issue selling on behalf of Gabriel Hawawini.

iii. Alignment of MGI prioritised by key actors

The study identified different MGI prioritisation among key actors. In this regard, the Dean prioritised *strategic agenda building & executing* and both Faculty and Board prioritised *performance*. Thus, Hawawini's initiative was finally blocked.

iv. Agenda structure

To some extent, Hawawini did not identify the issue array within the School's strategic agenda. Making the Singapore campus work had been such an endeavour that INSEAD's strategic agenda was still 'overloaded' with that initiative, and had no further 'space' for any new one.

v. Issue legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this fourth episode were *corporate customers' demands, donors & benefactors, competition* and *economic environment*; whereas *culture* and *performance* were the legitimating feature of the inner context.

As for those features delegitimating the study found *alumni* (outer context) and *climate, structure and systems* (inner context).

Table 77: Analysis of Issue Legitimisation at INSEAD during 2004

				INSEAD
				4th episode
Legitimisation	Type of initiative		B	▨
			I	
	Issue selling			
	Alignment MGI			
	Features legitimating	OC	CCD	▨
			A	
			DB	▨
			G	
			C	▨
			L	
			EE	▨
		IC	CL	
			CU	▨
			ST	
			SY	
			P	▨
	Features delegitimating	OC	CCD	
			A	▨
			DB	
			G	
			C	
			L	
			EE	
		IC	CL	▨
			CU	
			ST	▨
			SY	▨
			P	

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style

ii. Dean's skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identified Hawawini mostly was his *participative* attitude to make others join into decision-making processes.

ii. Dean's skills & competences

With regard to his skills & competences along episode 4, the study identified the following: *visionary*, *delivers results, entrepreneur, commitment* and *consistency.*

iii. Power sources

Hawawini based his power on the following sources: *position, reward* and *resource generation & allocation* (structural power sources) and *expertise, reputation* and *referent power* (personal power sources).

iv. Power uses

As for the power uses he employed, the study identified the following: *decisiveness, execution* and *consensus building.*

Table 78: Analysis of Power Mobilisation at INSEAD during 2004

			INSEAD
			4th episode
Power mobilisation	Type of initiative	B	▨
		I	
	Sponsor's leadership style	D	
		P	▨
	Dean's skills & competences	Visionary	▨
		Communication	
		Delivers results	▨
		Political skills	
		Entrepreneur	▨
		Commitment	▨
		Consistency	▨
		Integration	
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	
		Coalition format	
		Rationality	
		Assertiveness	
		Decisiveness	▨
		Execution	▨
		Delegation	
		Listen/scanning	
		Consensus build	▨

INSEAD Appendix VII: Tables

Period 1990 - 1995

The following Table refers to the reliability coding of the content analysis of the archival material and the interviews, regarding the key actors of INSEAD during the period 1990 – 1995. Each number (from 1 to 22) represents an interviewee.

Coding: Key actors during the period 1990 – 1995[52]

Key actors – *Who?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Board	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱	╱	▨
Deans	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱	╱	▨
Faculty	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱	╱	▨
Some members of the Staff							╱	╱							╱	╱		╱	╱	╱	╱	
Other constituencies							╱	╱							╱	╱		╱	╱	╱	╱	

The following Table displays the key issues at INSEAD's agenda during this period, according to the reliability coding of content analysis of archival material and interviews. Each number (1 to 22) represents an interviewee.

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[52] Inter-coder reliability check score = 95% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)

Coding: Key issues in the Strategic Agenda during the period 1990 – 1995[53]

Key issues of the strategic agenda - *What?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Financial performance	▨	▨	▨	▨	▨	▨	/	/		▨	▨	▨	▨		/		/		/			
Economic model (sustainability)	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	/	▨	/	▨	/	▨	▨	▨
Research development	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	/	▨	/	▨	/	▨	▨	▨
Internationalisation	▨	▨	▨	▨	▨		/	/	▨	▨	▨	▨	▨	▨	/	▨	/	▨	/	▨	▨	▨
Governance structure		▨	▨	▨	▨		/	/			▨				/		/		/			
Faculty recruiting	▨	▨	▨	▨	▨	▨	/	/	▨		▨	▨	▨		/	▨	/		/			▨
Aligning through academic incentives, systems & structures			▨	▨			/	/				▨			/		/		/			

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[53] Inter-coder reliability check score = 78% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Coding: Key actors' characterisation[54] during the period 1990 – 1995

Deans' Leadership style		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Claude Rameau	Directive						╱	╱	╱	╱						╱		╱		╱	╱		
	Participative						╱	╱	╱	╱						╱		╱		╱	╱		
	Visionary	▒	▒	▒	▒	▒	╱	╱	╱	╱	▒	▒	▒	▒	▒	╱	▒	╱	▒	╱	╱	▒	▒
	Role model						╱	╱	╱	╱						╱		╱		╱	╱		
	Affiliate						╱	╱	╱	╱						╱		╱		╱	╱		
Ludo Van der Heyden	Directive						╱	╱	╱	╱						╱		╱		╱	╱		
	Participative	▒	▒	▒	▒	▒	╱	╱	╱	╱	▒	▒	▒	▒	▒	╱	▒	╱	▒	╱	╱	▒	▒
	Visionary						╱	╱	╱	╱						╱		╱		╱	╱		
	Role model						╱	╱	╱	╱						╱		╱		╱	╱		
	Affiliate						╱	╱	╱	╱						╱		╱		╱	╱		
Antonio Borges	Directive	▒	▒	▒	▒	▒	╱	╱	╱	╱	▒	▒	▒	▒	▒	╱	▒	╱	▒	╱	╱	▒	▒
	Participative						╱	╱	╱	╱						╱		╱		╱	╱		
	Visionary	▒	▒	▒	▒	▒	╱	╱	╱	╱						╱	▒	╱		╱	╱		
	Role model						╱	╱	╱	╱						╱		╱		╱	╱		
	Affiliate						╱	╱	╱	╱						╱		╱		╱	╱		

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[54] Inter-coder reliability check store = 77 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Deans' skills		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Claude Rameau	Political						╱	╱	╱	╱						╱		╱		╱	╱		
	Interpersonal	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
	Delivers results						╱	╱	╱	╱						╱		╱		╱	╱		
	Intellectual						╱	╱	╱	╱						╱		╱		╱	╱		
Ludo Van der Heyden	Political						╱	╱	╱	╱						╱		╱		╱	╱		
	Interpersonal						╱	╱	╱	╱		▨				╱	▨	╱		╱	╱		
	Delivers results						╱	╱	╱	╱	▨	▨				╱		╱	▨	╱	╱		
	Intellectual	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨		▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Antonio Borges	Political	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
	Interpersonal						╱	╱	╱	╱						╱		╱		╱	╱		
	Delivers results						╱	╱	╱	╱						╱		╱		╱	╱		
	Intellectual						╱	╱	╱	╱						╱		╱		╱	╱		

Deans' values		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Claude Rameau	Open minded						╱	╱	╱	╱						╱		╱		╱	╱		
	Committed						╱	╱	╱	╱						╱		╱		╱	╱		
	Fairness						╱	╱	╱	╱						╱		╱		╱	╱		
	Consensus b.						╱	╱	╱	╱						╱		╱		╱	╱		
	Assertive						╱	╱	╱	╱						╱		╱		╱	╱		
	Entrepreneur	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Ludo Van der Heyden	Open minded	▨	▨	▨	▨	▨	╱	╱	╱	╱						╱		╱		╱	╱		
	Committed	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
	Fairness						╱	╱	╱	╱						╱		╱		╱	╱		
	Consensus b.	▨	▨	▨	▨	▨	╱	╱	╱	╱						╱		╱		╱	╱		
	Assertive			▨	▨		╱	╱	╱	╱						╱		╱	▨	╱	╱		
	Entrepreneur						╱	╱	╱	╱						╱		╱		╱	╱		
Antonio Borges	Open minded						╱	╱	╱	╱						╱		╱		╱	╱		
	Committed	▨	▨	▨	▨	▨	╱	╱	╱	╱						╱		╱		╱	╱		
	Fairness	▨	▨	▨	▨	▨	╱	╱	╱	╱						╱		╱		╱	╱		
	Consensus b.			▨	▨		╱	╱	╱	╱						╱		╱	▨	╱	╱	▨	▨
	Assertive	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨				╱		╱		╱	╱	▨	
	Entrepreneur	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨

Deans' background		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Claude Rameau	Academic						╱	╱	╱	╱						╱		╱		╱	╱		
	Managerial	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Ludo Van der Heyden	Academic	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
	Managerial						╱	╱	╱	╱						╱		╱		╱	╱		
Antonio Borges	Academic	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
	Managerial						╱	╱	╱	╱						╱	▨	╱		╱	╱		

Faculty fragmentation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
US vs. non-US education	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱		╱	▨	╱	╱		
Teaching vs. research orientation	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Old vs. new comers	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨

Role of Chairman of the Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Bridge	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Audit/						╱	╱	╱	╱						╱		╱		╱	╱		

Coding: Key features of the inner and outer contexts[55]

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Climate				▨	▨			/	/	▨			▨		/		/	▨	/	/		
Structure	▨		▨	▨	▨			/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Systems			▨	▨	▨			/	/	▨					/		/		/	/		
Performance	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Economic environment	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨
Competitors		▨	▨		▨			/	/	▨				▨					/	/		
Corporate world/customers		▨	▨		▨			/	/							▨	▨		/	/	▨	
Alumni								/	/										/	/		
Accreditation agencies								/	/										/	/		
Location								/	/										/	/		
Rankings								/	/										/	/		
Government								/	/										/	/		
Academic networks								/	/										/	/		
Donors & benefactors								/	/										/	/		

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[55] Inter-coder reliability check store = 78 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Coding: Main Generic Interests prioritization by each key actor[56]

Main generic interests prioritised by Dean Claude Rameau	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Strategic agenda building, executing & aligning	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Collegial participation in key decisions								/	/						/		/		/	/		
Governance		▨		▨				/	/						/		/		/	/		
Faculty & Board support	▨	▨		▨	▨			/	/	▨					/		/		/	/		
Academic career								/	/						/		/		/	/		
Reputation								/	/						/		/		/	/		
Fair workload & compensation systems								/	/						/		/		/	/		

Main generic interests prioritised by Dean Ludo Van der Heyden	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Strategic agenda building, executing & aligning	▨	▨	▨	▨	▨	▨		/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Collegial participation in key decisions								/	/						/		/		/	/		
Governance				▨				/	/						/		/		/	/		
Faculty & Board support	▨			▨	▨			/	/	▨		▨	▨		/		/		/	/		▨
Academic career			▨	▨				/	/						/		/		/	/		
Reputation								/	/						/		/		/	/		
Fair workload & compensation systems								/	/						/		/		/	/		

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[56] Inter-coder reliability check score = … % (Huberman & Miles, 1994 formulae: reliability = number of agreements/ total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Main generic interests prioritised by Dean Antonio Borges	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Strategic agenda building, executing & aligning	▨	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Collegial participation in key decisions								╱	╱						╱		╱		╱	╱		
Governance				▨				╱	╱						╱		╱		╱	╱		
Faculty & Board support	▨	▨	▨	▨	▨	▨	▨	╱	╱	▨					╱		╱		╱	╱		
Academic career								╱	╱						╱		╱		╱	╱		
Reputation								╱	╱						╱		╱		╱	╱		
Fair workload & compensation systems								╱	╱						╱		╱		╱	╱		

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance		▨		▨	▨		╱	╱							╱		╱		╱	╱		
Strategic agenda building, executing & aligning							╱	╱							╱		╱		╱	╱		
Collegial participation in key decisions	▨						╱	╱	▨	▨				▨	╱		╱		╱	╱		
Governance							╱	╱							╱		╱		╱	╱		
Faculty & Board support							╱	╱							╱		╱		╱	╱		
Academic career	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱		╱		╱	╱	▨	▨
Reputation							╱	╱							╱		╱		╱	╱		
Fair workload & compensation systems	▨	▨	▨	▨	▨	▨	╱	╱							╱	▨	╱	▨	╱	╱		

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨				▨	╱		╱		╱	╱		
Strategic agenda building, executing & aligning		▨	▨	▨	▨		╱	╱						▨	╱		╱		╱	╱		
Collegial participation in key decisions							╱	╱							╱		╱		╱	╱		
Governance							╱	╱					▨		╱	▨	╱	▨	╱	╱		
Faculty & Board support							╱	╱							╱		╱		╱	╱		
Academic career							╱	╱							╱		╱		╱	╱		
Reputation	▨	▨	▨	▨	▨	▨	╱	╱		▨	▨	▨			╱		╱		╱	╱	▨	▨
Fair workload & compensation systems							╱	╱							╱		╱		╱	╱		

Period 1995 - 2000

The following Table refers to the reliability coding of the content analysis of the archival material and the interviews, regarding the key actors of INSEAD during the period 1995 – 2000. Each number (from 1 to 22) represents an interviewee.

Coding: Key actors during the period 1995 – 2000[57]

Key actors - *Who?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Board	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱	╱	▨
Deans	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱	╱	▨
Faculty	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱	╱	▨
Some members of the Staff							╱	╱							╱	╱		╱	╱	╱	╱	
Other constituencies							╱	╱							╱	╱		╱	╱	╱	╱	

The following table displays the key issues in INSEAD's agenda during this period, according to the reliability coding of content analysis of interviews and archival material. Each number (1 to 22) represents an interviewee.

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[57] Inter-coder reliability check score = 95% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements) Each number (1 to 22) represents an interviewee

Coding: Key issues in the Strategic Agenda during the period 1995 – 2000[58]

Key issues of the strategic agenda - *What?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Financial performance	▨	▨	▨	▨	▨	▨											▨					
Economic model (sustainability)	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Research development	▨	▨	▨	▨	▨			▨	▨	▨	▨	▨	▨		▨	▨	▨	▨	▨	▨	▨	▨
Internationalisation	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Governance structure			▨					▨														
Faculty recruiting	▨	▨	▨	▨	▨	▨		▨	▨	▨	▨	▨	▨	▨	▨	▨	▨			▨	▨	▨
Aligning through academic incentives, systems & structures	▨		▨	▨				▨	▨			▨			▨	▨	▨			▨	▨	▨

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[58] Inter-coder reliability check score = 91% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Coding: Key actors' characterisation during the period 1995 – 2000[59]

Dean's Leadership style		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Antonio Borges	Directive	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Participative																						
	Visionary	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Role model																						
	Affiliate																						

Dean's skills		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Antonio Borges	Political	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Interpersonal																						
	Delivers results																						
	Intellectual																						

Deans' values		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Antonio Borges	Open minded																						
	Committed	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Fairness			▨	▨	▨										▨	▨						
	Consensus b.																						
	Assertive	▨		▨	▨	▨					▨	▨	▨	▨									
	Entrepreneur	▨	▨	▨	▨	▨						▨	▨	▨		▨	▨	▨	▨			▨	▨

Deans' background		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Antonio Borges	Academic	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Managerial			▨	▨	▨	▨											▨					

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[59] Inter-coder reliability check store = 93 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Faculty fragmentation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
US vs. non-US education	▨	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/		/	▨	/	/		
Teaching vs. research orientation	▨	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Old vs. new comers	▨	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨

Role of Chairman of the Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Bridge	▨	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	/	/	▨	▨
Audit/						/	/	/	/						/		/		/	/		

Coding: Key features of the inner and outer contexts[60]

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Climate			▨		▨		/	/	▨	/				/	/		▨					
Structure			▨				/	/		/				/	/		▨					
Systems	▨	▨	▨	▨	▨	▨	/	/	▨	/				/	/	▨	▨					
Performance	▨	▨	▨	▨	▨	▨	/	/	▨	/	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	▨

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[60] Inter-coder reliability check score = 81% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements) Each number (1 to 22) corresponds to each interviewee

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Economic environment	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨
Competitors	▨	▨	▨	▨	▨	▨	╱	╱		▨				▨	╱	▨	▨	▨				▨
Corporate world/customers		▨	▨		▨	▨	╱	╱							╱							
Alumni		▨				▨	╱	╱							╱							
Accreditation agencies							╱	╱							╱							
Location							╱	╱							╱							
Rankings							╱	╱							╱							
Government	▨	▨	▨	▨	▨		╱	╱		▨	▨	▨	▨		╱	▨			▨			
Academic networks							╱	╱							╱							
Donors & benefactors	▨	▨	▨	▨	▨	▨	╱	╱							╱					▨	▨	

Coding: Main Generic Interests prioritization by each key actor[61]

Main generic interests prioritised by Dean Antonio Borges	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Strategic agenda building, executing & aligning	▨	▨	▨	▨	▨	▨	/	▨	▨	▨						▨	▨					
Collegial participation in key decisions							/															
Governance							/															
Faculty & Board support	▨	▨	▨	▨	▨	▨	/			▨					▨	▨	▨	▨			▨	▨
Academic career							/															
Reputation							/															
Fair workload & compensation systems							/															

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance		▨		▨	▨		/	/														
Strategic agenda building, executing & aligning							/	/														
Collegial participation in key decisions	▨	▨	▨	▨	▨	▨	/	/	▨	▨				▨								
Governance							/	/														
Faculty & Board support							/	/														
Academic career	▨	▨	▨	▨	▨	▨	/	/			▨	▨	▨	▨	▨	▨			▨	▨	▨	
Reputation							/	/														
Fair workload & compensation systems	▨	▨	▨	▨	▨	▨	/	/								▨	▨	▨				▨

Reputation	▨	▨	▨	▨	▨	▨	/	/			▨	▨	▨	▨				▨	▨	▨		
Fair workload & compensation systems							/	/														
Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Strategic agenda building, executing & aligning							/	/														
Collegial participation in key decisions							/	/														
Governance	▨	▨	▨	▨	▨	▨	/	/		▨	▨	▨										
Faculty & Board support							/	/														
Academic career							/	/														

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[61] Inter-coder reliability check score = 79 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/ total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Period 2000 - 2004

The following Table refers to the reliability coding of the content analysis of the archival material and the interviews, regarding the key actors of INSEAD during the period 2000 - 2004. Each number (from 1 to 22) represents an interviewee.

Coding: Key actors during the period 2000 – 2004[62]

Key actors - *Who?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Board	▨	▨	▨	▨	▨	▨	⧄	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	▨	⧄	⧄	⧄	⧄	▨
Deans	▨	▨	▨	▨	▨	▨	⧄	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	▨	⧄	⧄	⧄	⧄	▨
Faculty	▨	▨	▨	▨	▨	▨	⧄	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	▨	⧄	⧄	⧄	⧄	▨
Some members of the Staff							⧄	⧄							⧄	⧄		⧄	⧄	⧄	⧄	
Other constituencies							⧄	⧄							⧄	⧄		⧄	⧄	⧄	⧄	

The following Table displays the key issues at INSEAD's agenda during this period, according to the reliability coding of content analysis of archival material and interviews. Each number (1 to 22) represents an interviewee.

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[62] Inter-coder reliability check score = 95% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements) Each number (1 to 22) represents an interviewee

Coding: Key issues in the Strategic Agenda during the period 2000 – 2004[63]

Key issues of the strategic agenda - *What?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Financial performance	▨	▨	▨	▨	▨	▨																
Economic model (sustainability)	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Research development	▨	▨	▨	▨							▨	▨	▨		▨							
Internationalisation	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Governance structure																						
Faculty recruiting	▨	▨	▨	▨	▨	▨			▨	▨	▨	▨	▨	▨								
Aligning through academic incentives, systems & structures														▨	▨	▨						

Coding: Key actors' characterisation[64] during the period 2000 – 2004

Dean's Leadership style		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Gabriel Hawawini	Directive					▨																	
	Participative	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Visionary																						
	Role model																						
	Affiliate																						

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[63] Inter-coder reliability check store = 85 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

[64] Inter-coder reliability check store = 95 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Dean’s skills		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Gabriel Hawawini	Political																						
	Interpersonal																						
	Delivers results	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Intellectual	▨																					

Dean’s values		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Gabriel Hawawini	Open minded	▨	▨	▨	▨											▨	▨	▨	▨				
	Committed	▨	▨	▨	▨																		
	Fairness																						
	Consensus b.	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Assertive																						
	Entrepreneur	▨	▨	▨	▨	▨													▨	▨	▨	▨	

Dean’s background		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Gabriel Hawawini	Academic	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
	Managerial																						

Faculty fragmentation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
US vs. non-US education	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱		╱	▨	╱	╱		
Teaching vs. research orientation	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨
Old vs. new comers	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨

Role of Chairman of the Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Bridge						╱	╱	╱	╱						╱		╱		╱	╱		
Audit/	▨	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	▨	▨	▨	╱	▨	╱	▨	╱	╱	▨	▨

Coding: Key features of the inner and outer contexts[65]

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Climate	▨	▨	▨	▨	▨		▨	▨	▨		▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Structure	▨		▨													▨	▨	▨	▨			
Systems			▨		▨	▨																
Performance	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Economic environment	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Competitors	▨	▨	▨		▨	▨				▨				▨								
Corporate world/customers		▨	▨		▨	▨																
Alumni	▨	▨	▨	▨	▨	▨										▨	▨	▨	▨			
Accreditation agencies																						
Location																						
Rankings																						
Government																						
Academic networks																						
Donors & benefactors																						

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[65] Inter-coder reliability check store = 83% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Coding: Main Generic Interests prioritization by each key actor[66]

Main generic interests prioritised by Dean Gabriel Hawawini	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Strategic agenda building, executing & aligning	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Collegial participation in key decisions																						
Governance																						
Faculty & Board support																						
Academic career																						
Reputation																						
Fair workload & compensation systems																						

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance		▨		▨	▨																	
Strategic agenda building, executing & aligning																						
Collegial participation in key decisions	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨
Governance																						
Faculty & Board support																						
Academic career			▨	▨	▨			▨	▨	▨		▨		▨	▨	▨	▨	▨			▨	▨
Reputation																						
Fair workload & compensation systems																			▨	▨	▨	

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	▨	▨		▨	▨	▨				▨	▨	▨	▨	▨	▨			
Strategic agenda building, executing & aligning		▨	▨	▨	▨									▨								
Collegial participation in key decisions																						
Governance																						
Faculty & Board support																						
Academic career																						
Reputation	▨	▨	▨	▨	▨	▨	▨				▨	▨	▨							▨	▨	▨
Fair workload & compensation systems																						

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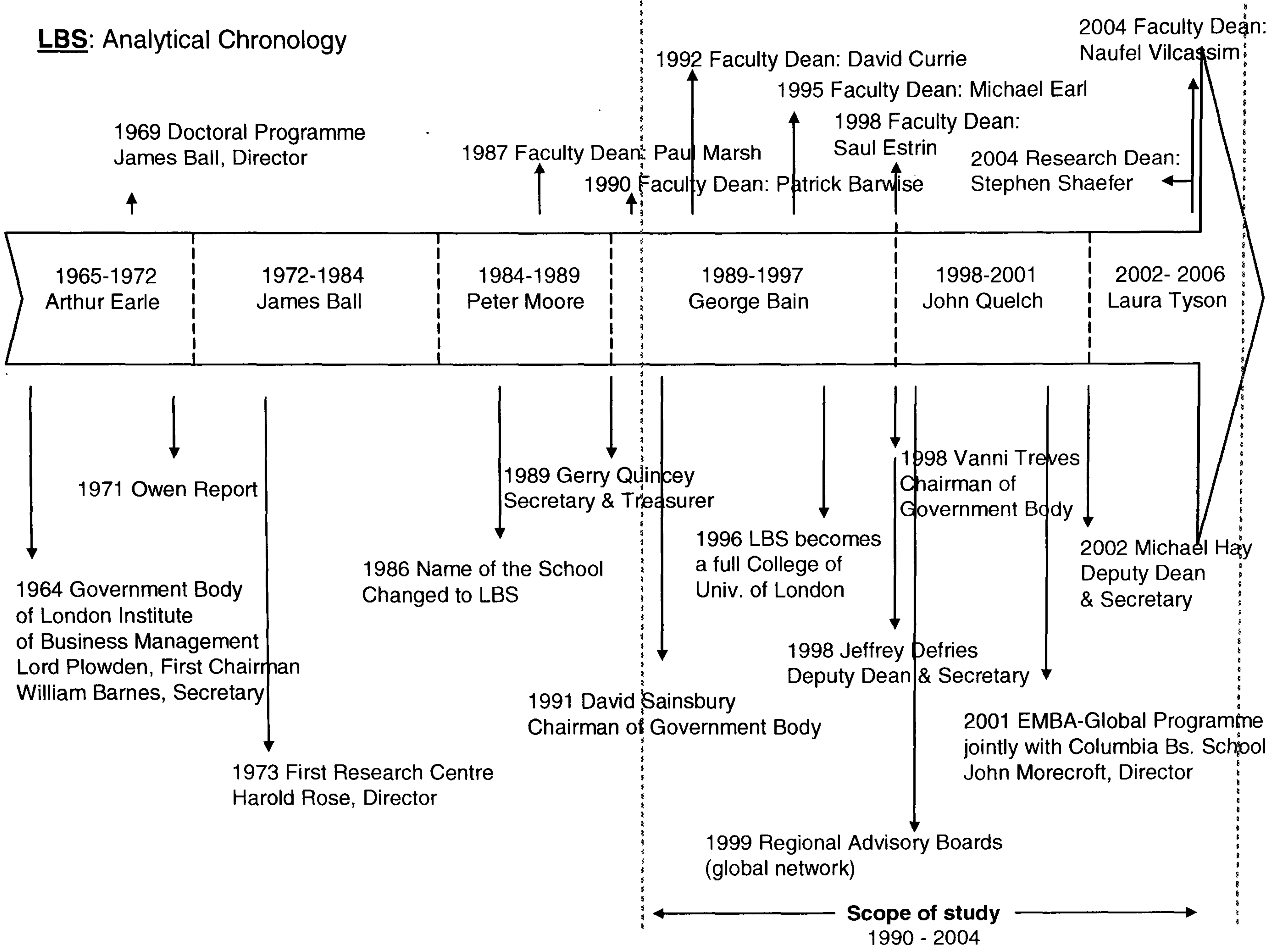
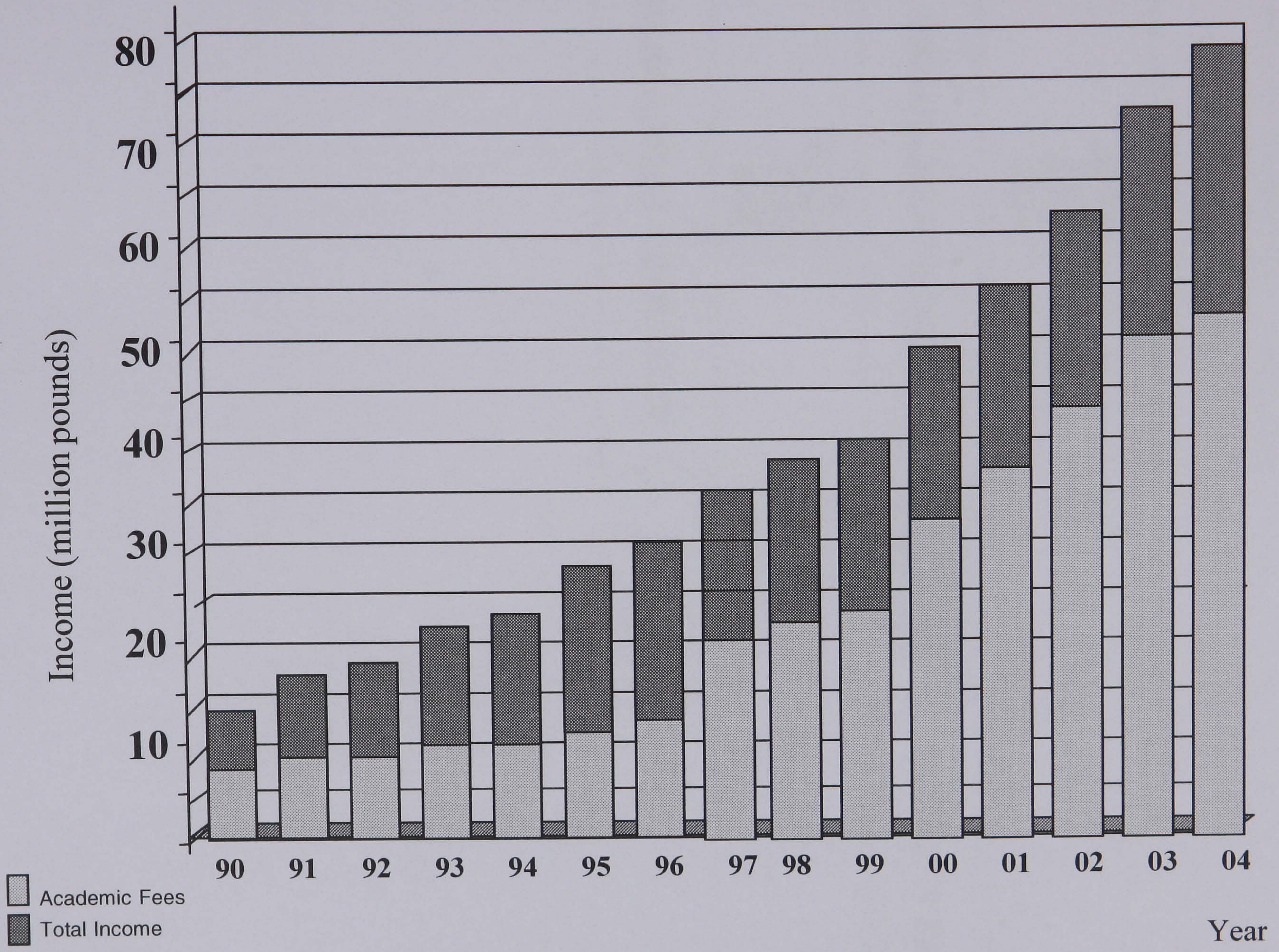
[66] Inter-coder reliability check score = 91% (Huberman & Miles, 1994 formulae: reliability = number of agreements/ total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

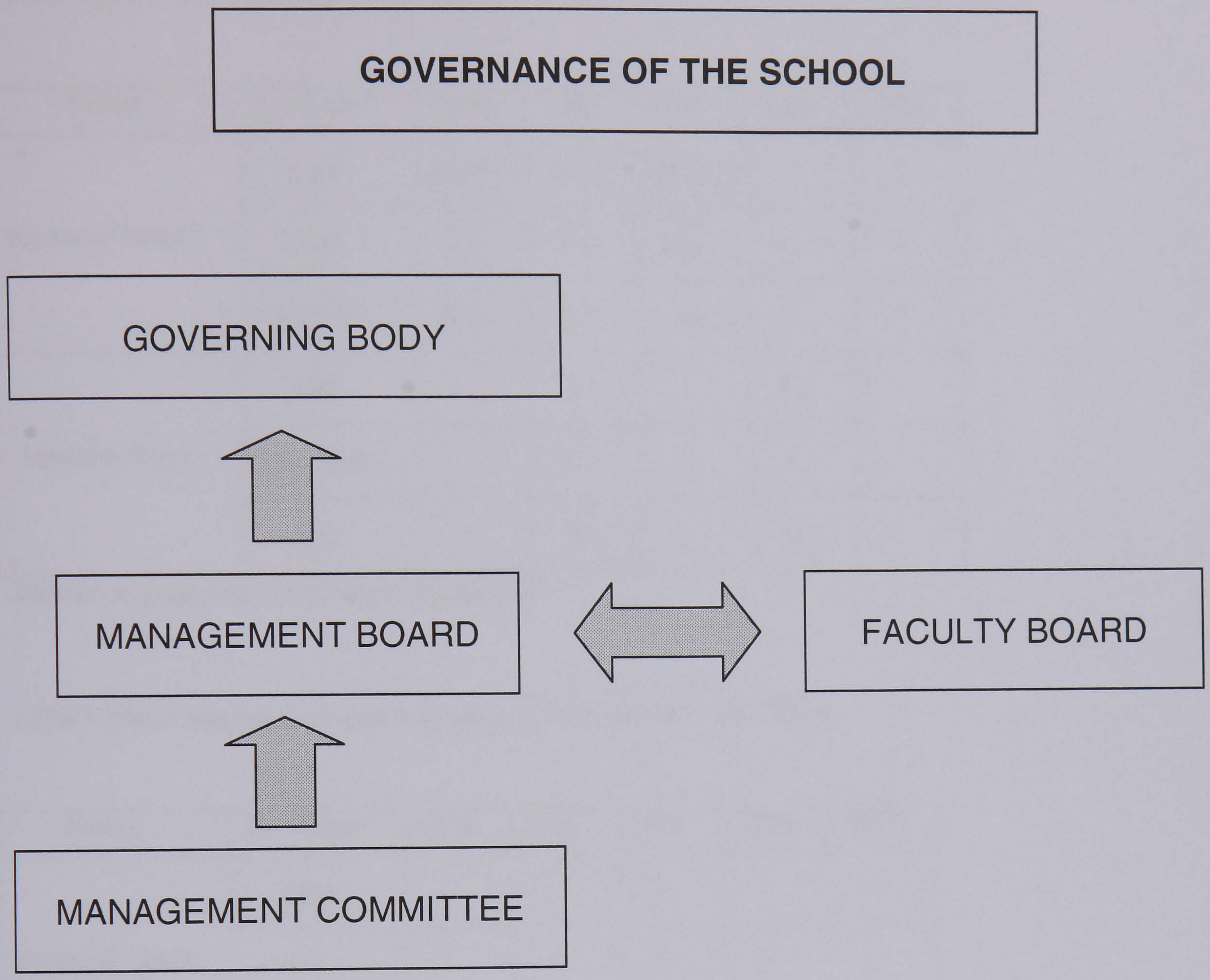
LBS Appendix I: LBS Chronology



LBS Appendix II: LBS Income Growth



LBS Appendix III: LBS Governance



LBS Appendix IV: Rankings

LBS's place among world wide Business Schools as to Executive Education

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times[67]	**LBS**	**11/15**	**4/13**	**14/11**	7	7
	IMD	**4/3**	**5/3**	**11/2**	**6**	**4**
	INSEAD	15/11	11/5	15/8	9	11
Business Week	**LBS**	-	7	-	**10**	-
	INSEAD	-	2	-	5	-
	IMD	-	**8**	-	**8**	-

Sources: www.ft.com; www.businessweek.com

LBS's place among European Business Schools as to the MBA

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times	**LBS**	**1**	**1**	2	2	**2**
	IMD	**3**	**3**	**3**	**3**	**3**
	INSEAD	2	2	1	1	1
Business Week	INSEAD	**1**	**1**	**1**	**1**	**3**
	LBS	**2**	**2**	**4**	**4**	**5**
	IMD	**4**	**4**	**3**	**3**	**2**

Sources: www.ft.com; www.businessweek.com

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[67] a/b where 'a' corresponds to open-enrollment programs and 'b', to custom programs. Financial Times delivers combined rankings as from 2003.

LBS's place among world wide Business Schools as to the MBA

Source	Bs. School	2000	2001	2002	2003	2004
Financial Times	**LBS**	**8**	**8**	**9**	**7**	**4**
	INSEAD	9	7	6	6	4
	IMD	**11**	**11**	**14**	**13**	**12**
Business Week[68]	INSEAD	1	-	1	-	3
	LBS	**2**	**-**	**4**	**-**	**5**
	IMD	**4**	**-**	**3**	**-**	**2**

Sources: www.ft.com; www.businessweek.com

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[68] Non-US Business Schools.

LBS Appendix V: Analytical Tracing of critical 'issues' between 1990 and 1997.

In order to understand *why* some initiatives gain the agenda instead of others, it seems relevant to observe how each of the main actors prioritise their main generic interests and how they scan the most critical features of both inner and outer contexts that will be decisive in legitimating the prioritisation of some interests over others.

Table 79 shows the main generic interests prioritised by each key actor. The importance of this rests on the fact that the political perspective emphasises the interplay of different interests among key actors and how these interact with each other to prevail their interests instead of others.

Along this vein, Table 80 refers to the *characteristics* of the key actors (Dean, Faculty and Board) that shape their interplay.

To better understand *why* and *how* things happened, Table 81 shows an analytical view of the characterisation of features of the inner context, and Table 82, the influence of the characterisation of features of the outer context.

Finally, Table 83 adds to the prioritisation that each key actor does regarding their own interests, the column of *'real prioritisation of MGI'*, which refers to the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing. Two other columns complete the table: firstly, *'issue legitimation'* that refers to the influence that features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been raised to the School's agenda instead of others. Secondly, the column of 'power mobilisation' completes the political perspective explaining *how power* is *mobilised* in order to make some interests prevail over others. To understand how power works, the study focuses on the concepts of power sources and uses (See Chapter II) of each of the key actors.

The following figures and tables provide the study with a complete and analytical perspective of the elements that shaped the strategic agenda building and executing over the period 1990-1997. Thus, the following step refers to the exploring and describing of the interrelations, dynamics and interconnections among these elements.

Note that tables regarding the reliability coding that correspond to the content analysis of interviews and archival material can be found in the appendix.

Table 79: Prioritisation of key actors' MGI during George Bain's tenure

Period **Key actor**	**1990-1997**
Dean	1) Strategic agenda building, executing & aligning 2) Faculty & Board support 3) Performance
Faculty	1) Collegial participation in key decisions 2) Fair workload & compensation systems
Board	1) Governance 2) Reputation

Table 80: Key actors' characterisation during Bain's tenure

Period / Key actor	Characteristic	1990-1997
Dean	**Leadership style**	Participative Directive
	Skills	Political (coalition building) Interpersonal (communication; articulating vision, mission & strategy) Delivers results
	Values	Open minded Commitment Consensus building Assertive Entrepreneur
	Background	Academic Managerial (former Dean of WBS)
Faculty	**Background**	British academics Teaching & research oriented (mostly finances & economics)
	Fragmentation	---
Board	**Background**	British business people
	Role of the chairman	Visibility of the School in British business Benefactor

Table 81: Features of the inner context during the period 1990 - 1997

Period / Key features	1990-1997
Performance: Income Profits	From low to high performance
Climate	Perceived need to change from being top UK to become an international Business School
Culture	British based on seniority
Systems	Egalitarian
Structure	Strong academic departments (finances & economics)

Table 82: Features of the outer context during the period 1990 - 1997

Period **Key features**	**1990-1997**
Economic environment	Recession due to Gulf War
Corporate customer	Looking for more internationalisation
Competition	INSEAD Top US Business Schools
Donors/benefactors	Lack of commitment No endowment No donation for fundraising
Alumni	Weak connection with the School
Rankings	----
Accreditation agencies	EFMD/AACSB
Government	Reducing subsidies for higher education

Table 83: Strategic agenda building & executing through prioritisation of MGI

Key actor	Prioritisation of main generic interests	Power mobilisation		Issue legitimisation	*Real* prioritisation of MGI
Dean	1) Strategic agenda building & executing 2) Faculty & Board support 3) Performance	Source: Position Expertise Visionary & charismatic style Leadership skills such as communication, execution & general management perspective Personal values Interpersonal skills	Use: Execution Commitment Listening Delegating Participating Faculty & key Staff Coalition formation Persistence	Inner context: Concern regarding future due to retrenchment of government subsidies Frustration for LBS position behind INSEAD in Fortune Magazine Sense of lack of strategic direction Collegial participation for being listened Outer context: Economic environment – recession due to Gulf War crisis Trend towards internationalisation both within Europe and outside Stronger competition in the internationalisation & globalisation of management education industry Corporate customer world demanding customer orientation	1) LBS internationalisation 2) Strengthening financial situation & economic model 3) Enhancing reputation 4) Balanced excellence 5) Fundraising
Faculty	1) Collegial participation in key decisions 2) Fair workload & compensation systems	Source: Expertise Prestige Key academic asset	Use: Coalition formation Participation		
Board	1) Reputation 2) Governance	Source: Position	Use: Rationality Controlling/auditing		

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship

i. Issue Selling

ii. Alignment of key actors' MGI prioritisation

iii. Agenda Structure

iv. Issue legitimisation: features of both outer and inner context

i. Issue sponsorship

During Bain's tenure, there was clear consensus regarding the need to drift LBS strategic direction so that the School would compete in the international arena. Still, Bain devoted several months meeting people who would provide him with a broader perspective of what LBS needed. He wrote down his conclusions in a document which he handled to most of LBS—Bias Towards Strategy. This documented referred to the strategic direction he would give to LBS, and to the way in which he would lead the School transforming it into a top league. Bain was the key sponsor regarding episode 1.

ii. Issue Selling

Bain encouraged every member of the LBS community to carefully read the document and 'get on Board'. Even though the Faculty and Board backgrounds were mostly British and conservative, he knew how to make them integrate his interests with their goals.

iii. Alignment of MGI prioritised by key actors

George Bain carefully aligned his interests with those of the Faculty and Board. The LBS community was unsatisfied with the fact that INSEAD had reached the top position within the management education industry and thus, they were eager to become a top international Business School.

iv. Agenda structure

George Bain's initiative to make LBS a top league international Business School quickly reached the School's strategic agenda due to the discomfort provoked by the fact that INSEAD had reached a top position over LBS.

v. Issue legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this first episode were the following: *corporate customers' demands, donors & benefactors, government, competition, location* and *economic environment.*

As for the inner context, there were features delegitimating among which the study found *culture, structure,* and *systems.*

Table 84: Analysis of Issue Legitimisation at LBS between 1990 and 1997

				LBS
				1st episode
Legitimisation	Type of initiative		B	▨
			I	
	Issue selling			▨
	Alignment MGI			▨
	Features legitimating	OC	CCD	▨
			A	
			DB	▨
			G	▨
			C	▨
			L	▨
			EE	▨
		IC	CL	▨
			CU	▨
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	OC	CCD	
			A	
			DB	
			G	
			C	
			L	
			EE	
		IC	CL	
			CU	▨
			ST	▨
			SY	▨
			P	

2. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style

ii. Dean's skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's leadership style

The fieldwork shows that the leadership style that identifies Bain mostly is his *directive* attitude to motivate others and build commitment. Moreover, his active role in problem solving and decision making guided the LBS community towards the direction he set.

ii. Dean's skills & competences

With regard to his skills & competences, the study identified Bain as *visionary*, with *communicating, political* and *entrepreneurial skills.* His *consistent behaviour* enabled him to *integrate* key actors' interests and goals and thus, *achieve effective results.*

iii. *Power sources*

Bain's power was based in diverse *power sources* such as *position, reward* and *resource generation & allocation* (structural power sources) and *expertise, reputation* and *referent power* (personal power sources).

iv. Power uses

In mobilising power to legitimate his initiatives, Bain listened to other people. He showed he could *articulate* them with the School's vision. He was also *rational, assertive* and *decisive* in carrying out strategic directions and he *built coalitions* with other people.

Table 85: Analysis of Power Mobilisation at LBS between 1990 and 1997[69]

			LBS
			1st episode
Power mobilisation	Type of initiative	B	▨
		I	
	Sponsor's leadership style	D	▨
		P	
	Dean's skills & competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	▨
		Commitment	▨
		Consistency	▨
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	▨
		Listen/scanning	▨
		Consensus build	▨

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[69] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

LBS Appendix VI: Analytical tracing of critical 'issues' during the period 1999 – 2001

To better understand and analyse this period of LBS, the following tables depict the analytical tracing of its different aspects. Table 85 facilitates the identification of those characteristics of key actors that shape their prioritisation of strategic initiatives. Table 86 and 87 show an analytical view of the influence of the characterisation of features of both inner and outer contexts, and Table 88 focuses on the prioritisation of the strategic issues by each key actor. The importance of this rests on the fact that the political perspective emphasises the diversity of interests among key actors and what triggers some interests to prevail instead of others.

Finally, Table 89 shows the prioritisation that each key actor makes regarding their own interests, the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing, the influence that features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been raised to the School's agenda instead of others, and *how power* is *mobilised* in order to make some interests prevail over others.

Tables that represent the reliability coding of the content analysis of archival material and interviews regarding the aspect tackled can be found in the appendix.

Table 86: Key actors' characterisation during LBS' period 1998 - 2001

Key actor	Characteristic	1998 – 2001
Dean Borges	Leadership style	Directive
	Skills	Political Delivers results
	Values	Entrepreneur Committed Assertive
	Background	Academic
Faculty	Background	Strongly British
	Fragmentation	---
Board	Background	No sense of ownership
	Role of Chairman	Audit

Table 87: Features of the inner context during LBS' period 1998 - 2001

Key features	Period 1998 – 2001
Performance: Income/profits	Revenues growth
Climate	Lack of self-confidence
Culture	US orientation
Systems	Incorporation of US systems (tenure, titles)
Structure	Creation of Dean of Executive Education

Table 88: Features of the outer context during LBS' period 1998 - 2001

Key features	Period 1998 – 2001
Economic environment	Favourable economic environment
Corporate customer	Growth as a result of increasing LBS visibility & focus on executive education
Competition	INSEAD/Top US Business Schools
Location	London advantage
Donors/benefactors	
Alumni	Regional Advisory Boards Alumni clubs
Rankings	Number 8 according to Financial Times
Accreditation agencies	Not critical
Government	Not critical

Table 89: Prioritisation of key actors MGI during the period 1998 - 2001

Key actor	1998 – 2001
Dean	1) Strategic agenda building & executing 2) Performance
Faculty	1) Academic career 2) Fair workload & compensation systems
Board	1) Reputation 2) Performance

Table 90: Strategic agenda building & executing through prioritisation of MGI during the period 1998 - 2001

Key actor	Prioritisation of main generic interests	Power mobilisation		Issue legitimisation	*Real* prioritisation of MGI
Dean	1) Strategic agenda building & executing 2) Performance	Source: Referent as HBS full-time professor International marketing expertise Delivers results	Use: Execution Focalisation Speed Delegation Splits opposition Networking	Inner context: Need to increase revenues & funding to achieve scale Outstanding growth of Executive Education Consistency with international positioning of LBS initiated by previous Dean Attractiveness for international Faculty Outer context: Networking Active participation LBS`s visibility Proactive communication & marketing Making use of the London advantage	1) Fostering LBS international visibility, branding & positioning 2) Enlarging & strengthening LBS financial model through Executive Education 3) Fostering Faculty hiring with research orientation 4) Implementing US tenure track & compensation systems
Faculty	1) Academic career 2) Fair workload & compensation systems	Source: Expertise Prestige Key academic asset	Use: Coalition formation		
Board	1) Reputation 3) Performance	Source: Position	Use: Audit		

1. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship

ii. Issue selling

iii. Alignment of key actors' MGI prioritisation

iv. Agenda structure

v. Issue legitimisation: Features of both outer and inner context legitimating initiatives

i. Issue sponsorship

Quelch counted on a strong issue sponsorship since the beginning of his tenure—he was a HBS full professor, appointed by the LBS Faculty to continue with Bain's ongoing strategy.

ii. Issue selling

Given that he had been appointed to continue with Bain's previous strategy, Quelch had no need to undertake any issue selling.

iii. Alignment of key actors' MGI prioritisation

Quelch was determined to strengthen the LBS brand, positioning the School in the management education industry. Thus, he worked with the alumni, business people and Faculty to pursue such goal.

iv. Agenda structure

Quelch strategic direction had low impact on the School's strategic agenda since it implied a 'continuum' of a strategy which had already been set.

v. Issue Legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this second episode were the following: *corporate customers' demands, alumni, competition, governance, location* and *economic environment*; whereas those features of the inner context that legitimated this episode were: *climate, structure, systems* and *performance*.

However, there were also some features delegitimating. With regard to the outer context, *donors & benefactors*; and as for the inner context, *culture*.

Table 91: Analysis of Issue Legitimisation at LBS between 1998 - 2001

				LBS
				2nd episode
Legitimisation	Type of initiative		B	
			I	▨
	Issue selling			
	Alignment MGI			▨
	Features legitimating	OC	CCD	▨
			A	▨
			DB	
			G	▨
			C	▨
			L	▨
			EE	▨
		IC	CL	▨
			CU	
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	OC	CCD	
			A	
			DB	▨
			G	
			C	
			L	
			EE	
		IC	CL	
			CU	▨
			ST	
			SY	
			P	

3. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor's leadership style

ii. Dean's skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's Leadership style

Given Quelch's determination, commitment, decisiveness and result orientation his leadership style was classified as *directive.*

ii. Dean's skills & competences

Among Quelch's skills & competences, data suggests he was an entrepreneurial Dean, strongly committed to his task. He had political skills and delivered results.

iii. Power sources

With regard to the power sources in which his authority was based on, Quelch presented both structural and personal sources of power—*position, reward* and *resource generation & allocation* (*structural* power sources), and *expertise, reputation* and *referent* (*personal* power sources).

iv. Power uses

In mobilising power to legitimate initiatives, Quelch employed his *political skills* and *built coalitions* with Faculty members in whom he *delegated execution. Assertive, rational* and *decisive*, he also *listened and scanned the environment.*

Table 92: Analysis of Power Mobilisation at LBS between 1998 and 2001[70]

			LBS
			2nd episode
Power mobilisation	Type of initiative	B	
		I	▨
	Sponsor's leadership style	D	▨
		P	
	Dean's skills & competences	Visionary	
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	
		Commitment	▨
		Consistency	▨
		Integration	▨
	Power sources	Position	▨
		Reward	▨
		Resource g & a	▨
		Expertise	
		Reputation	
		Referent	▨
	Power uses	Articulation	
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	▨
		Delegation	
		Listen/scanning	▨
		Consensus build	

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[70] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

LBS Appendix VII: Analytical tracing of critical 'issues' during the period 2002 – 2004

To better understand and analyse this period of LBS, the following tables depict the analytical tracing of its different aspects. Table 93 facilitates the identification of those characteristics of key actors that shape their prioritisation of strategic issues. Table 94 and 95 show an analytical view of the influence of the characterisation of features of both inner and outer contexts, and Table 96 focuses on the prioritisation of the strategic issues by each key actor. The importance of this rests on the fact that the political perspective emphasises the diversity of interests among key actors and what triggers some issues to prevail instead of others.

Finally, Table 97 shows the prioritisation that each key actor makes regarding their own interests, the identification of those generic interests that prevail over others and lead the School's strategic agenda building and executing, the influence that features of inner and outer contexts have in legitimating the prioritisation of certain interests that have been raised to the School's agenda instead of others, and *how power* is *mobilised* in order to make some interests prevail over others. Tables that represent the reliability coding of the content analysis of archival material and interviews regarding the aspect tackled are found in the appendix.

Table 93: Key actors' characterisation during LBS' period 2002 - 2004

Key actor	Characteristic	2002 – 2004
Dean	Leadership style	Participative
	Skills	Political
	Values	Consensus building High visibility Committed
	Background	Academic Managerial
Faculty	Background	British Strong financial and economic orientation
	Fragmentation	---
Board	Background	No sense of ownership
	Role of Chairman	Audit role

Table 94: Characterisation of Features of the inner context between 2002 - 2004

Key features	Period 2002 – 2004
Performance: Income/profits	Increasing revenues
Climate	Satisfaction
Culture	US orientation
Systems	Adapted to US model
Structure	Creation of hiring committee Strong delegation on Deputy Dean & Secretary

Table 95: Characterisation of Features of the outer context during LBS' period 2002 - 2004

Key features	Period 2002 – 2004
Economic environment	Recession due to terrorism & Iraq War
Corporate customer	School's stronger visibility in market
Location	London advantage
Competition	INSEAD/Top US Business Schools
Donors/benefactors	Focus on fundraising
Alumni	Stronger connection
Rankings	Strong positioning
Accreditation agencies	Not critical
Government	Not critical

Table 96: Prioritisation of key actors' MGI during the period 2002 - 2004

Key actor	2002 – 2004
Dean	1) Strategic agenda building & executing 2) Performance
Faculty	1) Academic career 2) Fair workload & compensation systems
Board	1) Reputation 2) Performance

Table 97: Strategic agenda building and executing through prioritisation of MGI during the period 2002 - 2004

Key actor	Prioritisation of main generic interests	Power mobilisation		Issue legitimisation	*Real* prioritisation of MGI
Dean	1) Strategic agenda building & executing 2) Performance	Source: High profile & reputation both academic & political Charismatic & participative style	Use: Consensus based Participating key Faculty Communicating Delegating Team-leader	Inner context: Increasing international & research oriented background of the LBS Faculty Fair consensus about the need of becoming a global Business School Need of fundraising for economic model Outer context: Recession due to terrorism & Iraq War	1) Fundraising 2) Enhancing LBS visibility as a global pre-eminent School 3) Hiring new Faculty with research background to deepen the US model 4) LBS strategic plan 2005 - 2010
Faculty	1) Academic career 2) Fair workload & compensation systems	Source: Expertise	Use: Coalition formation		
Board	1) Reputation 2) Performance	Source: Position	Use: Audit		

2. Issue Legitimisation

In analysing issue legitimisation, the study observed the following elements:

i. Issue Sponsorship
ii. Issue selling
iii. Alignment of key actors' MGI prioritisation
iv. Agenda structure
v. Issue Legitimisation: Features of both outer and inner context legitimating initiatives

i. Issue sponsorship

Laura Tyson counted on a strong issue sponsorship since the beginning of her tenure—she had been appointed by the LBS Faculty while she was Dean of Haas, to enhance LBS visibility and fundraising activities.

ii. Issue selling

Given that she had been appointed to continue with Bain's and Quelch's previous strategy, Tyson had no need to undertake any issue selling.

iii. Alignment of key actors' MGI prioritisation

Tyson was expected to follow that strategy already initiated by Bain and continued by Quelch—transforming LBS in a top league Business School. Thus, she focused on keeping key actors' support by aligning their interests to hers.

iv. Agenda structure

Tyson strategic direction had low impact on the School's strategic agenda since it implied a 'continuum' of a strategy which had already been set by both Bain and Quelch.

v. Issue Legitimisation: Features of the outer & inner contexts

The study observed that those features of the outer context that legitimated this second episode were the following: *corporate customers' demands, alumni, competition, governance, location* and *economic environment*; whereas those features of the inner context that legitimated this episode were: *climate, structure, systems* and *performance*.

Donors & benefactors (outer context) was the only feature delegitimating Tyson's decisions and actions.

Table 98: Analysis of Issue Legitimisation at IMD between 2002 and 2004

				LBS
				3rd episode
Legitimisation	Type of initiative		B	
			I	▨
	Issue selling			
	Alignment MGI			▨
	Features legitimating	OC	CCD	▨
			A	▨
			DB	
			G	▨
			C	▨
			L	▨
			EE	▨
		IC	CL	▨
			CU	
			ST	▨
			SY	▨
			P	▨
	Features delegitimating	OC	CCD	
			A	
			DB	▨
			G	
			C	
			L	
			EE	
		IC	CL	
			CU	
			ST	
			SY	
			P	

3. Power Mobilisation

In analysing power mobilisation, the study observed the following elements:

i. Sponsor’s leadership style

ii. Dean’s skills & competences

iii. Power sources

iv. Power uses

i. Sponsor's Leadership style

The study classified Laura Tyson's leadership style as *participative* since she listened others actively and carefully, gaining their acceptance by engaging people in both planning and decision-making processes.

ii. Dean's skills & competences

Tyson showed a high profile combined with both interpersonal, communication and political skills. She is visionary and result oriented.

iii. Power sources

With regard to the power sources in which her authority was based on, Tyson presented both structural and personal sources of power—*position* and *resource generation & allocation* (structural power sources), and *expertise, reputation* and *referent power.*

iv. Power uses

In mobilising power to legitimate initiatives, Tyson employed *articulation, coalition formation, rationality, assertiveness, decisiveness, delegation, listening & scanning* and *consensus building.*

Table 99: Analysis of Power Mobilisation at LBS between 2002 and 2004[71]

			IMD
			3rd episode
Power mobilisation	Type of initiative	B	
		I	▨
	Sponsor's leadership style	D	
		P	▨
	Dean's skills & competences	Visionary	▨
		Communication	▨
		Delivers results	▨
		Political skills	▨
		Entrepreneur	
		Commitment	
		Consistency	
		Integration	
	Power sources	Position	▨
		Reward	
		Resource g & a	▨
		Expertise	▨
		Reputation	▨
		Referent	▨
	Power uses	Articulation	▨
		Coalition format	▨
		Rationality	▨
		Assertiveness	▨
		Decisiveness	▨
		Execution	
		Delegation	▨
		Listen/scanning	▨
		Consensus build	▨

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[71] Please, note that the shaded items correspond to those characteristics that the study found should be highlighted. However, this does not mean that the rest of the characteristics may also be present, although with less relevance.

LBS Appendix VIII: Tables

The following Table refers to the reliability coding of the content analysis of the archival material and the interviews, regarding the key actors of LBS during the period 1990 – 1997. Each number (from 1 to 22) represents an interviewee.

Coding: Key actors during the period 1990 – 1997.

Key actors - *Who?*[72]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Board	╱	▨	╱	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	▨	╱	╱	╱	╱
Deans	╱	▨	╱	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	▨	╱	╱	╱	╱
Faculty	╱	▨	╱	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱	▨	╱	╱	╱	╱
Some members of the Staff	╱	▨	╱	▨	▨	╱	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	╱		╱	╱	╱	╱
Other constituencies	╱		╱			╱						╱					╱		╱	╱	╱	╱

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[72] Inter-coder reliability check score = 95% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Coding: Key issues of the School's strategic agenda.

Key issues of the strategic agenda - *What?*[73]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Financial performance	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄
Economic model	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄
Research development	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄
Internationalisation	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄
Governance structure	⧄							⧄	⧄	⧄	⧄	⧄	⧄	⧄		⧄	⧄	⧄	⧄	⧄	⧄	⧄
Faculty recruiting	⧄	▨	▨	▨	▨	▨	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄
Aligning through academic incentives, systems & structures	⧄			▨	▨		▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄	▨	⧄	⧄	⧄	⧄	⧄	⧄	⧄

⧄ No data

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[73] Inter-coder reliability check score = 75% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Main generic interests by key actor[74]

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	╱	▨		▨	▨	╱	╱	╱	▨		▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Strategic agenda building, executing & aligning	╱					╱	╱	╱									╱			╱	╱	╱
Collegial participation in key decisions	╱					╱	╱	╱									╱			╱	╱	╱
Governance	╱					╱	╱	╱									╱			╱	╱	╱
Faculty & Board support	╱					╱	╱	╱									╱			╱	╱	╱
Academic career	╱					╱	╱	╱									╱			╱	╱	╱
Reputation	╱	▨	▨	▨	▨	╱	╱	╱	▨	▨	▨	▨		▨	▨	▨	╱			╱	╱	╱
Fair workload & compensation systems	╱					╱	╱	╱									╱			╱	╱	╱

Main generic interests prioritised by Dean	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	╱	▨		▨	▨	╱	╱	╱	╱	▨	▨	╱	╱	╱	▨		╱	▨	▨	╱	╱	╱
Strategic agenda building, executing & aligning	╱	▨	▨	▨	▨	╱	╱	╱	╱		▨	╱	╱	╱	▨	▨	╱	▨	▨	╱	╱	╱
Collegial participation in key decisions	╱					╱	╱	╱	╱			╱	╱	╱			╱			╱	╱	╱
Governance	╱					╱	╱	╱	╱			╱	╱	╱			╱			╱	╱	╱
Faculty & Board support	╱	▨	▨	▨	▨	╱	╱	╱	╱	▨	▨	╱	╱	╱	▨		╱	▨	▨	╱	╱	╱
Academic career	╱					╱	╱	╱	╱			╱	╱	╱			╱			╱	╱	╱
Reputation	╱					╱	╱	╱	╱			╱	╱	╱			╱			╱	╱	╱
Fair workload & compensation systems	╱					╱	╱	╱	╱			╱	╱	╱			╱			╱	╱	╱

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[74] Inter-coder reliability check score = 87% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents each interviewee

Coding: Key actors' Characterisation[75]

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	⧄					⧄	⧄	⧄	⧄			⧄	⧄	⧄		⧄	⧄			⧄	⧄	⧄
Strategic agenda building, executing & aligning	⧄					⧄	⧄	⧄	⧄			⧄	⧄	⧄		⧄	⧄			⧄	⧄	⧄
Collegial participation in key decisions	⧄					⧄	⧄	⧄	⧄			⧄	⧄	⧄		⧄	⧄			⧄	⧄	⧄
Governance	⧄					⧄	⧄	⧄	⧄			⧄	⧄	⧄		⧄	⧄			⧄	⧄	⧄
Faculty & Board support	⧄					⧄	⧄	⧄	⧄			⧄	⧄	⧄		⧄	⧄			⧄	⧄	⧄
Academic career	⧄	▨		▨	▨	⧄	⧄	⧄	⧄		▨	⧄	⧄	⧄	▨	⧄	⧄	▨	▨	⧄	⧄	⧄
Reputation	⧄					⧄	⧄	⧄	⧄			⧄	⧄	⧄		⧄	⧄			⧄	⧄	⧄
Fair workload & compensation systems	⧄	▨	▨	▨	▨	⧄	⧄	⧄	⧄	▨	▨	⧄	⧄	⧄	▨	⧄	⧄	▨	▨	⧄	⧄	⧄

⧄ No data

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[75] Inter-coder reliability check score = 93% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Dean Characterisation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Leadership style																						
Directive	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Participative	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Visionary	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Role model	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Affiliate	╱		╱			╱		╱	╱			╱	╱		╱	╱	╱	╱	╱	╱	╱	╱
Skills																						
Political	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	╱	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Interpersonal	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	╱	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Delivers results	╱	▨	▨	▨	▨	▨	▨	╱	╱	▨	▨	╱	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Intellectual	╱							╱	╱			╱					╱			╱	╱	╱
Background																						
Academic	╱	▨	╱	▨	▨	▨	▨	╱	╱	▨	▨	╱	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱
Managerial	╱	▨	╱	▨	▨	▨	▨	╱	╱	▨	▨	╱	▨	▨	▨	▨	╱	╱	▨	╱	╱	╱
Values																						
Open minded	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Committed	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Fairness	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Consensus building	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Assertive	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱
Entrepreneur	╱	▨	╱	▨	▨	╱	▨	╱	╱	▨	▨	╱	╱	▨	╱	╱	╱	╱	╱	╱	╱	╱

Coding: Key features of both inner and outer contexts[76]

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Climate	⧄	▒	⧄	▒	▒	⧄	▒	⧄	⧄	▒		⧄	⧄		▒		⧄	⧄		⧄	⧄	⧄
Structure	⧄		⧄	▒	▒	⧄	▒	⧄	⧄	▒	▒	⧄	⧄	▒			⧄	⧄		⧄	⧄	⧄
Systems	⧄		⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄		⧄	⧄	⧄
Performance	⧄	▒	⧄	▒	▒	⧄	▒	⧄	⧄	▒	▒	⧄	⧄	▒	▒	▒	⧄	⧄	▒	⧄	⧄	⧄

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Economic environment	⧄	⧄	⧄	▒	▒	⧄	▒	⧄	⧄	▒	▒	⧄	⧄		▒		⧄	⧄			⧄	⧄
Competitors	⧄	⧄	⧄	▒	▒	⧄	▒	⧄	⧄	▒	▒	⧄	⧄	▒	▒	▒	⧄	⧄	▒	▒	⧄	⧄
Corporate world/customers	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄
Alumni	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄
Accreditation agencies	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄
Location	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄
Rankings	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄
Government	⧄	⧄	⧄	▒	▒	⧄	▒	⧄	⧄	▒	▒	⧄	⧄	▒	▒	▒	⧄	⧄	▒	▒	⧄	⧄
Academic networks	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄
Donors & benefactors	⧄	⧄	⧄			⧄		⧄	⧄			⧄	⧄				⧄	⧄			⧄	⧄

⧄ No data

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[76] Inter-coder reliability check score = 90% (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents each interviewee

Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
British	/	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	▨	/	/	/
Strong in finances & economics	/	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/	▨	/	▨	▨	/	/	/

Role of Chairman of the Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Bridge	/	▨	▨	▨	▨	/	/	/	/	▨	▨	▨	▨	▨	/	/	/	▨	▨	▨	/	/
Audit	/					/	/	/	/						/	/	/				/	/

The following Table refers to the reliability coding of the content analysis of the archival material and the interviews, regarding the key actors of LBS during the period 2002 – 2004. Each number (from 1 to 22) represents an interviewee.

Coding: Key actors during the period 1998 – 2001[77]

Key actors - *Who?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Board	/	▨	▨	▨	/	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨
Dean	/	▨	▨	▨	/	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨
Faculty	/	▨	▨	▨	/	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨
Some members of the Staff	/			▨	/		/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	/	▨	▨
Other constituencies	/				/		/	/											/	/		

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[77] Inter-coder reliability check score = 95% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements) Each number (1 to 22) represents an interviewee

The following table displays the key issues in LBS's agenda during this period, according to the reliability coding of content analysis of interviews and archival material. Each number (1 to 22) represents an interviewee.

Coding: Key issues in the Strategic Agenda during the period 1998 – 2001[78]

Key issues of the strategic agenda - *What?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Financial performance	╱	▨	▨	▨	╱	▨							╱				╱				▨	▨
Economic model (sustainability)	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨
Research development	╱	▨	▨	▨	╱			▨	▨	▨	▨	▨	╱		▨	▨	╱	▨	▨		▨	▨
Internationalisation	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨
Governance structure	╱		▨		╱			▨					╱				╱					
Faculty recruiting	╱	▨	▨	▨	╱	▨		▨	▨	▨	▨	▨	╱	▨	▨	▨	╱				▨	▨
Aligning through academic incentives, systems & structures	╱		▨	▨	╱			▨	▨			▨	╱		▨	▨	╱	▨	▨	▨	▨	▨

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[78] Inter-coder reliability check score = 91% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

Coding: Key actors' characterisation during the period 1998 – 2001[79]

Dean's Leadership style	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Directive	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨
Participative	╱				╱												╱					
Visionary	╱				╱												╱					
Role model	╱				╱												╱					
Affiliate	╱				╱												╱					

Dean's skills	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Political	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨
Interpersonal	╱				╱												╱					
Delivers results	╱			▨	╱							▨	▨	▨	▨		╱			▨	▨	▨
Intellectual	╱				╱												╱					

Dean's values	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Open minded	╱				╱												╱					
Committed	╱	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨
Fairness	╱				╱												╱					
Consensus b.	╱				╱												╱					
Assertive	╱		▨	▨	╱					▨	▨	▨	▨				╱					
Entrepreneur	╱	▨	▨	▨	╱						▨	▨	▨		▨	▨	╱	▨			▨	▨

Dean's background	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Academic	╱	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨
Managerial	╱				╱	╱											╱					

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[79] Inter-coder reliability check store = 93 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
British	╱	▨	▨	▨	╱	╱	╱	╱	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	▨	▨
Strong in finances & economics	╱	▨	▨	▨	╱	╱	╱	╱	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	▨	▨

Role of Chairman of the Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Bridge	╱				╱	╱	╱	╱	╱								╱					
Audit	╱	▨	▨	▨	╱	╱	╱	╱	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨

Coding: Key features of the inner and outer contexts[80]

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Climate	╱		▨		╱		╱	╱	▨	╱				╱	╱		▨				▨	▨
Structure	╱		▨		╱		╱	╱		╱				╱	╱		▨			▨	▨	▨
Systems	╱	▨	▨	▨	╱	▨	╱	╱	▨	╱				╱	╱	▨	▨			▨	▨	▨
Performance	╱	▨	▨	▨	╱	▨	╱	╱	▨	╱	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Economic environment	╱	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨
Competitors	╱	▨	▨	▨	╱	▨	╱	╱		▨				▨	╱	▨	▨	▨			▨	▨
Corporate world/customers	╱	▨	▨		╱	▨	╱	╱							╱	▨	▨	▨	▨	▨	▨	▨
Alumni	╱	▨			╱	▨	╱	╱							╱							
Accreditation agencies	╱				╱		╱	╱							╱							
Location	╱	▨	▨	▨	╱		╱	╱	▨	▨	▨	▨	▨		╱						▨	▨
Rankings	╱				╱		╱	╱							╱				▨	▨	▨	▨
Government	╱	▨	▨	▨	╱		╱	╱		▨	▨	▨	▨		╱	▨			▨			
Academic networks	╱				╱		╱	╱							╱							
Donors & benefactors	╱	▨	▨	▨	╱	▨	╱	╱							╱					▨	▨	▨

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[80] Inter-coder reliability check score = 81% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Coding: Main Generic Interests prioritization by each key actor[81]

Main generic interests prioritised by Dean	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨
Strategic agenda building, executing & aligning	╱	▨	▨	▨	╱	▨	╱	▨	▨	▨						▨	╱	▨	▨	▨	▨	▨
Collegial participation in key decisions	╱				╱		╱										╱					
Governance	╱				╱		╱										╱					
Faculty & Board support	╱				╱		╱										╱				▨	▨
Academic career	╱				╱		╱										╱					
Reputation	╱				╱		╱										╱					
Fair workload & compensation systems	╱				╱		╱										╱					

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	╱				╱		╱	╱									╱					
Strategic agenda building, executing & aligning	╱				╱		╱	╱									╱					
Collegial participation in key decisions	╱				╱		╱	╱	▨	▨				▨			╱					
Governance	╱				╱		╱	╱									╱					
Faculty & Board support	╱				╱		╱	╱									╱					
Academic career	╱	▨	▨	▨	╱	▨	╱	╱			▨	▨	▨	▨	▨	▨	╱		▨	▨	▨	▨
Reputation	╱				╱		╱	╱									╱					
Fair workload & compensation systems	╱	▨	▨	▨	╱	▨	╱	╱			▨	▨	▨			▨	╱	▨			▨	▨

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	╱	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨			▨	▨	╱	▨	▨	▨	▨	▨
Strategic agenda building, executing & aligning	╱				╱		╱	╱									╱					
Collegial participation in key decisions	╱				╱		╱	╱									╱					
Governance	╱			▨	╱	▨	╱	╱		▨							╱					
Faculty & Board support	╱				╱		╱	╱									╱					
Academic career	╱				╱		╱	╱									╱					
Reputation	╱	▨	▨	▨	╱	▨	╱	╱			▨	▨	▨	▨			╱	▨	▨	▨	▨	▨
Fair workload & compensation systems	╱				╱		╱	╱									╱					

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[81] Inter-coder reliability check score = 79 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/ total number of agreements + disagreements) Each number (1 to 22) corresponds to each interviewee

The following Table refers to the reliability coding of the content analysis of the archival material and the interviews, regarding the key actors of LBS during the period 2002 – 2004. Each number (from 1 to 22) represents an interviewee.

Coding: Key actors during the period 2002 – 2004[82]

Key actors - *Who?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Board	▒	▒	▒	▒	╱	▒	╱	╱	▒	▒	▒	▒	▒	▒	▒	╱	▒	▒	╱	╱	╱	╱
Dean	▒	▒	▒	▒	╱	▒	╱	╱	▒	▒	▒	▒	▒	▒	▒	╱	▒	▒	╱	╱	╱	╱
Faculty	▒	▒	▒	▒	╱	▒	╱	╱	▒	▒	▒	▒	▒	▒	▒	╱	▒	▒	╱	╱	╱	╱
Some members of the Staff				▒	╱		╱	╱								╱	▒	▒	╱	╱	╱	╱
Other constituencies					╱		╱	╱								╱			╱	╱	╱	╱

The following table displays the key issues in LBS's agenda during this period, according to the reliability coding of content analysis of interviews and archival material. Each number (1 to 22) represents an interviewee.

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[82] Inter-coder reliability check score = 95% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements) Each number (1 to 22) represents an interviewee

Coding: Key issues in the Strategic Agenda during the period 2002 – 2004[83]

Key issues of the strategic agenda - *What?*	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Financial performance	▨	▨	▨	▨	╱	▨							╱				╱			╱	╱	╱
Economic model (sustainability)	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	▨	▨	╱	╱	╱
Research development	▨	▨	▨	▨	╱			▨	▨	▨	▨	▨	╱		▨	▨	╱	▨	▨	╱	╱	╱
Internationalisation	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	▨	▨	╱	╱	╱
Governance structure			▨		╱			▨					╱				╱			╱	╱	╱
Faculty recruiting	▨	▨	▨	▨	╱	▨		▨	▨	▨	▨	▨	╱	▨	▨	▨	╱			╱	╱	╱
Aligning through academic incentives, systems & structures	▨		▨	▨	╱			▨	▨			▨	╱		▨	▨	╱			╱	╱	╱

Coding: Key actors' characterisation during the period 2002 – 2004[84]

Dean's skills	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Political					╱	╱											╱			╱	╱	╱
Interpersonal	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Delivers results	▨	▨	▨	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Intellectual					╱	╱											╱			╱	╱	╱

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[83] Inter-coder reliability check score = 91% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) represents an interviewee

[84] Inter-coder reliability check store = 93 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Dean's Leadership style	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Directive					/	/											/			/	/	/
Participative	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	/	/	/
Visionary					/	/											/			/	/	/
Role model					/	/											/			/	/	/
Affiliate					/	/											/			/	/	/

Deans' values	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Open minded					/	/											/			/	/	/
Committed	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	/	/	/
Fairness					/	/											/			/	/	/
Consensus b.	▨	▨	▨	▨	/	/											/			/	/	/
Assertive	▨		▨	▨	/	/				▨	▨	▨	▨				/			/	/	/
Entrepreneur					/	/											/			/	/	/

Deans' background	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Academic	▨	▨	▨	▨	/	/	▨	▨	▨	▨	▨	▨	▨	▨	▨	▨	/	▨	▨	/	/	/
Managerial			▨	▨	/	/											/			/	/	/

Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
British	▨	▨	▨	▨	╱	╱	╱	╱	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱
Strong in finances & economics	▨	▨	▨	▨	╱	╱	╱	╱	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱

Role of Chairman of the Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Bridge					╱	╱	╱	╱	╱								╱			╱	╱	╱
Audit	▨	▨	▨	▨	╱	╱	╱	╱	╱	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	╱	╱	╱

Coding: Key features of the inner and outer contexts[85]

Key features of the inner context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Climate			▨		╱		╱	╱	▨	╱							╱				╱	╱
Structure			▨		╱		╱	╱		╱							╱				╱	╱
Systems	▨	▨	▨	▨	╱	▨	╱	╱	▨	╱						▨	╱				╱	╱
Performance	▨	▨	▨	▨	╱	▨	╱	╱	▨	╱	▨	▨	▨			▨	╱	▨	▨	▨	╱	╱

Key features of the outer context that influenced mostly	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Economic environment	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	▨	▨	╱	╱
Competitors	▨	▨	▨	▨	╱	▨	╱	╱		▨				▨	╱	▨	▨	▨			╱	╱
Corporate world/customers		▨	▨		╱	▨	╱	╱							╱						╱	╱
Alumni		▨			╱	▨	╱	╱							╱						╱	╱
Accreditation agencies					╱		╱	╱							╱						╱	╱
Location					╱		╱	╱							╱						╱	╱
Rankings					╱		╱	╱							╱						╱	╱
Government	▨	▨	▨	▨	╱		╱	╱		▨	▨	▨	▨		╱	▨			▨		╱	╱
Academic networks					╱		╱	╱							╱						╱	╱
Donors & benefactors	▨	▨	▨	▨	╱	▨	╱	╱							╱					▨	╱	╱

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[85] Inter-coder reliability check score = 81% (Huberman & Miles, 1994: formulae: reliability = number of agreements/total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee

Coding: Main Generic Interests prioritization by each key actor[86]

Main generic interests prioritised by Dean Antonio Borges	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	╱
Strategic agenda building, executing & aligning	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨						▨	╱				╱	╱
Collegial participation in key decisions					╱		╱	╱									╱				╱	╱
Governance					╱		╱	╱									╱				╱	╱
Faculty & Board support					╱		╱	╱									╱				╱	╱
Academic career					╱		╱	╱									╱				╱	╱
Reputation					╱		╱	╱									╱				╱	╱
Fair workload & compensation systems					╱		╱	╱									╱				╱	╱

Main generic interests prioritised by Faculty	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance					╱		╱	╱									╱				╱	╱
Strategic agenda building, executing & aligning					╱		╱	╱									╱				╱	╱
Collegial participation in key decisions	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨				▨			╱				╱	╱
Governance					╱		╱	╱									╱				╱	╱
Faculty & Board support					╱		╱	╱									╱				╱	╱
Academic career	▨	▨	▨	▨	╱	▨	╱	╱			▨	▨	▨	▨	▨	▨	╱		▨	▨	╱	╱
Reputation					╱		╱	╱									╱				╱	╱
Fair workload & compensation systems	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨			╱	╱

Main generic interests prioritised by Board	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Performance	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	╱
Strategic agenda building, executing & aligning					╱		╱	╱									╱				╱	╱
Collegial participation in key decisions					╱		╱	╱									╱				╱	╱
Governance					╱		╱	╱									╱				╱	╱
Faculty & Board support					╱		╱	╱									╱				╱	╱
Academic career					╱		╱	╱									╱				╱	╱
Reputation	▨	▨	▨	▨	╱	▨	╱	╱	▨	▨	▨	▨	▨	▨	▨	▨	╱	▨	▨	▨	╱	╱
Fair workload & compensation systems					╱		╱	╱									╱				╱	╱

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[86] Inter-coder reliability check score = 79 % (Huberman & Miles, 1994 formulae: reliability = number of agreements/ total number of agreements + disagreements)
Each number (1 to 22) corresponds to each interviewee